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NEWS SUMMARY

GENERAL

Iranian accused of siege murders

Iranian dockworker Fozul Badavi Nejad, 22, was remanded in custody until May 15 when he appeared before magistrates in London on four charges in connection with the embassy siege, including two of murder.

Commander Peter Duffy, head of the anti-terrorist squad, objected to bail, saying numerous threats had been made against Nejad.

Earlier, the embassy's charge d'affaires, Dr. Ali Afruz, said he had offered to die in return for the release of other captives. He said he bared his chest to a gunman and asked him to shoot. "Bani-Sadr's cabinet," Page 4.

Tito's funeral

Yugoslavia's President Tito was buried in the hills above Belgrade after a farewell from more than 1m people, including dozens of world leaders.

Page 3 and Back Page

Autonomy blow

Egyptian President Anwar Sadat called for an indefinite postponement of the Palestinian autonomy talks with Israel and the U.S., according to U.S. Middle East envoy Sol Linowitz.

Israeli raid

Israeli troops raided two Palestinian guerrilla positions deep in Lebanon, inflicting several casualties.

Page 4

Life for brothers

Two brothers were jailed for life at the Old Bailey for killing water-board official John George last year in a Surrey wood.

Smallpox defeat

World Health Authority said smallpox had been eradicated in all countries.

Peach inquest

One heavy blow to the side of the head caused the death of teacher Blair Peach during the last year's Southall riots, pathologist Arthur Mart told the Hammonds inquest.

Bell to be freed

Mary Bell, 22, convicted of the manslaughter of two children 11 years ago, is expected to be released on licence next week from an open prison near York.

Peace bid fails

National Graphical Association leaders in the eight-week provincial print craftsmen's dispute rejected peace moves by print company employers.

Page 11

Appeal move

Granada Television is to seek leave to appeal against the Appeal Court ruling that it must name the British Steel Corporation employee who leaked confidential documents.

Snakes alive

South African attempting to beat the world record of 50 days for sharing a cage with 18 poisonous snakes was bitten by a puff adder, but is continuing his challenge.

Briefly . . .

Incendiary device exploded at a Cardiff Conservative club.

PUBLISHER'S NOTICE

We apologise to our readers for the inconvenience caused by the non-publication of the Financial Times in Britain on Wednesday and Thursday. On Tuesday night, members of the BEPTU took unofficial action. On Wednesday evening we were stopped by NGA members in the factory.

We also apologise for errors contained in this issue which are due to difficulties in the reading department.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES	FALLS
Restobell 245 + 7	BSP 182 - 7
Pico 135 + 7	Babcock and Wilcox 92 - 5
Polly 37 + 8	Biffen's Dairies A 84 - 4
Parsons Chubb 59 + 5	Cornwall 136 - 9
Sandhurst Mining 75 + 5	Ferranti 505 - 9
Berkley Explor. 165 + 21	Hambros 396 - 7
LASMO 628 + 23	Henlys 80 - 3
Siebens (UK) 840 + 40	Kitchen Queen 15 - 2
Cons. Gold Fields 450 + 12	LK Ind. Inv. 19 - 4
RTZ 358 + 10	Lex Service 80 - 4
	Mowlem (J.) 96 - 4
	Prov. Financial 115 - 3
	Royal Bk. Scotland 30 - 5
	Seacombe Marshall 235 - 15

BUSINESS

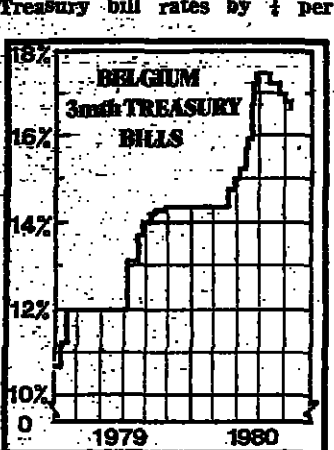
Dollar improves; Gold up \$6

● DOLLAR improved in quiet trading, closing at DM1.7950 (DM1.7550). Its trade-weighted index was 85.9 (85.7).

● STEELING rose 33 points to 32,385 and its index was 73.3 (73.8). Page 41.

● GOLD closed \$6 up in London at \$16.5. Page 41.

● BELGIAN National Bank cut one, two and three-month Treasury bill rates by 1 per cent.



cent to 14 per cent, reflecting an easing of pressure on the Belgian franc in the EMS. Page 41.

● GILTS fell on news of no early cut in MLR, and the Government Securities index closed 0.30 off at 67.54. Page 44.

● EQUITIES followed gilts but the fall was cushioned by renewed activity in oils. The FT 30-share index lost 2.7 to 436.7. Page 44.

● WALL STREET was down 2.20 to 153.96 near the close. Page 42.

● SUGAR prices in London reached their highest level for more than five years on reports that bad weather had hit Soviet sugar beet plantings. The London daily price rose 22 to \$304 a tonne. Back Page.

● MONETARY controls by the Government could be extended to building societies if they try to compete more aggressively with banks for deposits, Nigel Lawson, Secretary to the Treasury, warned.

● MOST OPEC members reached agreement in principle on a long-term pricing system for crude oil, but Iran, Algeria and Libya strongly opposed the pact. Back Page.

● BRITISH GAS Corporation faces a Government levy on its gas purchases from the UK continental shelf which are not subject to petroleum revenue tax. Back Page.

● PETROCHEMICALS trade surplus in the UK dropped from £113m in 1978 to £3m in the first half of last year, and the industry's performance gives cause for serious concern, according to a NEDC report. Page 8.

● BRITISH SHIPBUILDERS is to call for nearly 600 voluntary redundancies next Monday at Robb Caledon's Dundee yard.

COMPANIES

● LORD RAYNE unveiled a \$98m deal involving the S. Pearson industrial finance and publishing group, aimed at transferring control of his business empire from private companies to Westpool, a quoted investment trust. Back Page; Details, Page 30.

● GRAND METROPOLITAN may raise its \$415m (£181.5m) bid for Liggett, the U.S. tobacco and drinks group, an attorney for Grand Met. said. Page 30.

● BRITISH SUGAR Corporation's first-half pre-tax profits slipped from £10.18m to £9.8m after a sharp rise in interest charges. Page 26 and Lex, Back Page.

● ROYAL BANK of Scotland Group benefited from increased volumes and high domestic interest rates with first-half pre-tax profits £10.67m ahead at £51.75m. Page 26 and Lex, Back Page.

Print union to defy High Court ruling over day of action

BY CHRISTIAN TYLER, LABOUR EDITOR

LEADERS OF a major print union decided yesterday to defy a High Court injunction ordering senior officials of four unions to withdraw circulars which urge their members to take part in the TUC's "day of action" next week.

The decision by the national executive of the National Society of Operative Printers, Graphical and Media Personnel, means that Mr. Owen O'Brien, the union's general secretary, risks being in contempt of court, for which he could face a spell of imprisonment.

The successful challenge to the legality of the TUC's day of protest on May 14 was brought on Wednesday by Express Newspapers, publishers of the Daily Express, Daily Star and London Evening Standard.

Two other unions, which decided yesterday to obey the injunction, are issuing fresh advice to their members at Express Newspapers only. But both reaffirmed their hope that the day of action in protest against Government policies, would be "an outstanding success".

Even without the NATSOPA decision, the attitude of the Society of Graphical and Allied Trades, the National Graphical Association, and other unions with

Fleet Street members, makes it virtually certain that no national newspapers will be published next Wednesday morning.

NATSOPA's decision was announced by Mr. Bill Keys of SOGAT after his own union's national executive council had met, and was later described as "overwhelming". Mr. O'Brien himself refused to comment.

Mr. Keys said it was now up to his members employed by

Newspapers weather storm
Page 10
NGA rejects peace terms
Page 11
"Absolute right" of workers to work Page 12

Express newspaper to decide whether to take the day off. The union had argued in court that they had the "right to freedom of expression and to freedom of assembly." SOGAT would defend any members who stopped work and were the subject of action taken by an employer.

Mr. Keys said: "I would be surprised if any newspaper printed on May 14. Our members have the same feeling of frustration with the Government and the vast majority of members will take the day off in response to the TUC's call."

UK publishes Bill for sanctions against Iran

BY RICHARD EVANS IN LONDON AND JOHN WYLES IN BRUSSELS

THE GOVERNMENT is seeking powers to prohibit future contracts by UK companies with Iran under a Bill published yesterday that will be rushed through Parliament next week.

The specific form of economic sanctions remains unclear and will depend on decisions by EEC Foreign Ministers at a meeting in Naples on May 17.

The Community is bracing itself for a critical reaction from the U.S. to strong indications that Community sanctions will be much more selective than expected.

Having rallied two weeks ago to President Jimmy Carter's call for resounding support from European allies for his efforts to secure the release of the Tehran hostages, the Nine find themselves in a position which is both delicate and embarrassing.

A mixture of fears for national interests and genuine

legal complexities means that none of the Nine appears ready or able to ban all existing commercial and service contracts with Iran.

As a result, Western Europe's trade sanctions will be much more partial than the U.S. had expected and will undoubtedly raise doubts about the strength of EEC support in the hostage crisis.

But the Foreign Minister's decision on April 22 to ban new export and service contracts will still hold, together with the removal of the Nine's diplomatic representations in Iran.

The U.K. Bill provides broad powers, which will be used in tandem with existing Acts, to exert pressure on the Iranian authorities to release the U.S. hostages.

It does not cover banking or financial services, and there are no signs that existing contracts

such as the supply of car kits by Talbot will be affected.

Once the Iran (Temporary Powers) Bill becomes law after Commons debates on Monday and Tuesday, Orders can be laid by Ministers, giving specific powers to introduce sanctions.

These would come into effect immediately, but would be subject to approval by Parliament in 38 days or otherwise lapse automatically.

Many MPs on both Conservative and Labour benches were deeply unhappy at the decision to take powers to bring in sanctions. The legislation will face heavy criticism.

About 70 Labour MPs are expected to oppose it on a free vote, including some Shadow Cabinet members. Some Tory

Continued on Back Page
Bani-Sadr plans new cabinet
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Walker hints at farm price deal

BY MARGARET VAN HATTEN IN BRUSSELS

BRITAIN WILL accept average farm price rises of 5 per cent as soon as its demands for a cut in its contribution to the Common Market budget are met.

Mr. Peter Walker, the Minister of Agriculture, has made clear.

Although the Minister did not spell out such a deal, his answers to questions on Wednesday night in Brussels at a meeting of EEC Agriculture Ministers left little doubt that an agreement on farm prices was inseparable from the budget question.

Yesterday in the Commons Mr. Walker reaffirmed that settlement of his budget issue

was a precondition to settlement in other Community matters. The freeze on farm prices was Britain's "trump card".

This year's farm-price review, which will cost the EEC budget an estimated £1.1bn over the next full year, was this week concluded in all but name.

Farm Ministers settled the major part of the package outstanding from their previous meeting in Luxembourg last week and it became clear that there would be no renegotiation of the price rises agreed then by all member States except Britain.

The UK still maintains its reserve on the price rises

agreed for surplus products like milk and sugar but Mr. Walker gave the strongest indication so far forthcoming from any member of the UK Government that this reserve would be lifted as soon as the dispute over Britain's budget contribution was settled.

The price rises will add about £160m to Britain's net contribution to the EEC budget in the 1980-81 farming year. The net contribution for the 1980 calendar year was previously estimated at £1.1bn, by far the largest contribution paid by any member State.

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trump card Page 12

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Bank acts to boost liquidity

By David Marsh

THE BANK of England yesterday took steps to boost banking liquidity in a bid to prevent short term interest rates rising.

It is extending a total of £1.5bn in temporary facilities which were granted to the banks earlier this year to meet liquidity shortages. The move has been made necessary by continued shortages of funds in the money markets partly caused by high bank lending, which is still rising quite sharply in spite of the Government's tight money policy.

The upward pressure on short term interest rates underlines the warning on Wednesday by Sir Geoffrey Howe, Chancellor, that there will be no early cut in Minimum Lending Rate.

Sir Geoffrey's statement depressed gilt-edged prices yesterday by up to 1 point for longer dated stock and 1 for short term stocks. It also dampened demand for the new top stock 131 per cent Exchequer 1992 which went on offer. Less than 20 per cent of the £1bn nominal on offer is believed to have gone, with £20 per cent payable yesterday.

The bond market had risen strongly at the end of last month on hopes that MLR would soon start to decline. But there seems little chance of a reduction at least for another month or two as the Government is still not confident that bank lending has come down sufficiently.

The authorities are still extremely cautious about reducing interest rates in spite of official figures this week indicating that money supply growth in the last six months has fallen to the lower end of the Government's 7 to 11 per cent target range.

The extension of liquidity aid is in two parts. The Bank is cancelling the recall of £500m of special deposits, which were to have been repaid next Wednesday. However, the Bank says it may recall the deposits at any time should this become appropriate.

It is also extending until next month a £1bn loan to the London and Scottish clearing banks involving the sale and repurchase of gilt-edged stock. This was to have been repaid on May 12 and May 19.

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Lex, Back Page

New lay-offs in U.S. motor industry

BY IAN HARGREAVES IN NEW YORK

FOR MOTOR yesterday slashed its capital spending plans, General Motors (GM) announced another wave of lay-offs and Chrysler reported a \$44m (£197m) loss for the first three months of the current financial year as the U.S. motor industry responded to another sharp fall in domestic car and truck sales.

The GM move—it is laying off a further 10,000 lowly paid workers next week, taking its total of laid-off employees to 136,000—means that at least 275,000 motor industry workers will be laid off next week, over a third of the U.S. industry's workforce.

This means the industry will have laid off almost as many people as the 300,000 affected at the low point of the 1975 slump. Planned car production levels for the current quarter are already below the comparable 1975 level and car sales in April fell to within a whisker of their lowest monthly totals in 1975.

Ford's announcement that it was cutting \$2.5bn from its \$18bn spending programme between now and 1984 came at the company's annual meeting.

Mr. Philip Caldwell, chairman, said the company had "taken a very hard look at ourselves and challenged every planning assumption, every product decision and every expenditure in all parts of our business."

The company also revealed that, in its costliest bid so far to revive sales, it will offer cash rebates of between \$100 and \$500 on its entire U.S. car range.

Dividend

Chrysler's first quarter loss was in line with recent Wall Street estimates but greater than the company's official forecast to the U.S. Government, which had been raised twice this year.

GM, which this week reduced its quarterly dividend has said it too may lose money in the current quarter. All three major U.S. motor manufacturers would then have lost money in the quarter probably the first time that such an event has occurred.

Chrysler sales fell by 29 per cent to \$2,550m and the company's share of the U.S. car market fell to 9.5 per cent compared with 10.6 per cent in the same three months last year.

Chrysler is still sticking to its forecast that the overall loss

Campaign

There is little doubt that the Board is on the brink of approving the aid, but it appears to have decided to try to finalise all the details before making an announcement, now that Chrysler's most urgent cash needs have been met by a \$150m loan from the State of Michigan.

Another development yesterday was the decision by the United Autoworkers' Union to take its campaign for protection from motor imports to the International Trade Commission, a semi-autonomous Government body whose support would help the union towards its objective of slowing down car imports from Japan.

Mr. Douglas Fraser, president of the union, will again outline his view on the need for industry protection at a top-level meeting of industry, labour and Government officials at the White House next week.

Speech

President Jimmy Carter, however, has recently repeated his belief that protection would be undesirable on international trade and fuel conservation grounds.

Mr. Thomas Murphy, GM chairman, also made a speech yesterday, strongly urging the Government to avoid protectionism "in any form," "back on course" before the end of the year, and forecast that car sales in the U.S. this year would total between 10m and 10.5m, slightly down from last year's 10.66m.

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The U.S. economy feature Page 24

£ in New York

	May 7	previous
spot	\$2.3910-2390	\$2.2770-2785
1 month	1.55-1.55 ds	1.30-1.15 ds
3 months	1.55-1.55 ds	2.47-2.40 ds
12 months	6.70-6.40 ds	6.00-5.80 ds

Where When Who What Why?

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EUROPEAN NEWS

15 African leaders due at summit in France

By David White in Paris

THE ECONOMIC problems facing many black African countries as a result of the rise in oil prices are expected to dominate a two-day Franco-African summit meeting starting in Nice today.

The conference, the seventh of its kind, brings together France and 25 African and Indian Ocean countries, of which eight have observer status. Fifteen heads of state, including President Valéry Giscard d'Estaing, are due to attend the summit, which comes just after the Organisation of African Unity's special economic meeting in Lagos.

The number of countries brought into the Franco-African meetings has increased from 19 at the first summit in Paris in 1973 and 22 at last year's in Kigali, Rwanda.

The importance of this meeting in the eyes of the French Government can be measured by the fact that President Giscard chose to attend rather than go to President Tito's funeral in Belgrade yesterday.

The French head of state was hosting a dinner for the African leaders last night.

M. Giscard is expected to try to re-launch his project of a "trilogue" between Europe, the Arab world and Africa, which he proposed a year ago.

A study by the French Ministry of Co-operation shows the net oil bill of 12 French-speaking African states—not including oil-exporting Gabon—rising to CFAFr 250bn (£520m) this year, more than twice the 1978 level. This increase has not been matched by aid from the OPEC countries.

The summit is likely to discuss development of energy resources, plans for self-sufficiency in food and the stabilisation of commodity prices. President Giscard is also expected to press the idea of a pan-African military force to take over part of the role hitherto played by the French in conflicts such as the 1978 Zaïre rebellion.

The summit comes as France has started to move its 1,100 remaining troops out of Chad, where the civil war may result in two delegations being sent from that country.

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Roger Boyes in Bonn assesses the election prospects in North Rhine Westphalia

Anxious eyes watch the barometer of power

CHANCELLOR Helmut Schmidt and West Germany's ruling Social Democratic Party will be praying for good weather this Sunday—because rain in the key state of North Rhine Westphalia could contribute to a serious electoral upset and rock the balance of power between the two major parties.

The elections in North Rhine Westphalia—which embraces the Ruhr, Germany's industrial heartland—are seen as an important pointer to voting trends in the October general elections. The state, like West Germany itself, is ruled by a Social Democrat-Free Democrat coalition and, with a population of 17m (and an electorate of over 12m), it is easily West Germany's most populous region.

If the Christian Democrat Opposition overthrows the state Government, it will not only be a blow to the Bonn coalition public standing—a two-thirds majority in the Bundestag, the upper house. This would allow the Opposition to block important legislation introduced by the Government, and give it a crucial political advantage in a general election year.

Social Democrat politicians estimate that, with an 80 per cent turnout, the ruling coalition will win the election. But if heavy rain or simple election fatigue lead to a turnout of 60 per cent or below, the Christian Democrats will have a strong chance of success.

Little wonder then that the main Social Democrat election slogan is "Go to the polls with Johannes Rau (the state Premier) and Helmut Schmidt."



Pictures of Herr Helmut Schmidt (right) adorn the walls of North Rhine Westphalia, where elections take place on Sunday. The posters urge voters to "go to the polls with Johannes Rau (the Social Democrat state Premier) and Helmut Schmidt." Herr Rau faces a major challenge from Dr. Kurt Biedenkopf (left), a Christian Democrat, for premiership of the state.



Adorning the walls of factories and coal mines throughout the Ruhr are pictures of Herr Rau and Herr Schmidt, gaining honesty and reliability into the near distance.

This is the ton of the whole Social Democrat campaign—a vote for Herr Rau is a vote for the Chancellor, a vote for Dr. Kurt Biedenkopf, the Christian Democrat challenger, is a vote for Herr Franz Josef Strauss, the Opposition's contender for the West German leadership. On the campaign trail, even independent-minded, left-inclined Social Democrat politicians like Dr. Ulrich Steger pin their colours on the Chancellor's handling of international crises and energy policy, the two most important issues in the state elections. "Peace and security for Germany" may sound like a

tired slogan, but it still brings the biggest applause at his election meetings. Security in the Ruhr does not just mean keeping the Russians out—it also means keeping the mines open.

Rain or shine, it looks like a winning ticket for the Social Democrats, if only because there appears to be a strong antipathy to Herr Strauss in the Ruhr. Herr Strauss's last major appearance in the state was attended by 9,000 people—3,000 of them policemen—instead of 20,000 as planned. And Essen, a centre of the Ruhr steel industry, is so far the only German town where Herr Strauss has been successfully pelted with eggs. They usually fall short of the podium, ending up among the security men. But it would be wrong to underrate the Christian Demo-

crats' chances. Outside the Ruhr, they are likely to pick up votes in the strongly Catholic pockets on the fringes of North Rhine Westphalia. There, priests still sometimes urge their congregations to vote for the Christian Democrats and against the abortion laws. Similarly, a sympathy vote is expected for the Christian Democrats because of the sudden death recently of Herr Heinrich Koeppler, the long-standing and well-respected head of the state Opposition. There is a strong precedent for such a sympathy vote. The Christian Democrats' largest gains in the state since the war came in 1953, when the then Christian Democrat leader, Herr Carl Arnold, suffered a heart attack during the election campaign.

Social Democrat analysts

play this factor down, arguing that Herr Koeppler's successor, Dr. Biedenkopf, is too remote from the voters. He is a former economics professor, was active in Bonn politics, and appears on good terms with Herr Strauss. Not the right recipe, the Social Democrats argue, to win the hearts and minds of the Ruhr's hardened miners or, for that matter, the first-time voters in the universities and schools.

The Christian Democrats have to base their campaign strategy on three main pillars—a low turnout (last year's European elections saw a turnout of just over 50 per cent in the state, so it is a reasonable hope), on first-time voters opting for the Christian Democrats or even the "Greens," the anti-nuclear Ecologists' Party (and thus away from the Social Democrats), and on undermining the Free Democrats. If the Free Democrats can be forced below the 5 per cent barrier—the share of votes needed for parliamentary representation—the coalition will collapse.

The Greens have recently captured seats in the state parliaments of Bremen and Baden-Wuerttemberg, and have become a significant presence in town hall politics throughout the country. In North Rhine Westphalia they have a good chance of representation—they won 3 per cent in the European elections last year and, with increased interest in air and noise pollution, this could be pushed up to 5 per cent.

For the Greens, as for the major parties, North Rhine Westphalia is a test case for the federal elections. If they

win seats in the state parliament, or even just miss the target, they will clearly contest the October elections. Providing this continues to erode young people's support for the Social Democrats, it would be good news for the Christian Democrats.

But what will happen to Herr Strauss if the Christian Democrats record big losses in North Rhine Westphalia? There has been speculation that he may step down as candidate for chancellor, but this seems neither very likely nor indeed wise, with the general elections only months away. The fact remains, however, that the Christian Democrats have recorded losses in six out of seven of their last state elections, and defeat in North Rhine Westphalia will force the party to re-think its strategy.

Christian Democrat politicians have been making noises towards the Free Democrats, aimed at enticing them away from the coalition both in North Rhine Westphalia and in Bonn. But such an alliance would clearly not be in the Free Democrats' interests—the party's electoral credibility rests on its achievements in the ruling coalition. Herr Hans-Dietrich Genscher, the Foreign Minister and Free Democrat chairman, has been campaigning actively in North Rhine Westphalia, and seems confident of winning 7 per cent of the vote.

North Rhine Westphalia is for all parties, large and small, an important barometer for the October elections. Meanwhile, the weather forecast for Sunday is "fair with scattered showers."

Rallis will lead Greek ruling party

By Our Athens Correspondent

VETERAN CONSERVATIVE Greek politician, Mr. George Rallis, was chosen yesterday to lead the ruling New Democracy party following the election of Mr. Constantine Karamanlis as the country's President.

The 61-year-old Foreign Minister was chosen by a narrow margin over Mr. Evangelos Averoff-Tossitsas (70), the Defence Minister, who is associated with the party's right wing. The parliamentary caucus gave Mr. Rallis 88 votes, Mr. Averoff-Tossitsas 84.

Mr. Constantine Tsatsos, the outgoing President, is expected today to call on Mr. Rallis to form a government. The new leader, a lawyer by profession, first entered politics in 1950 under the banner of the right-wing Populist party. An efficient administrator, he has held several ministerial jobs.

As Foreign Minister since May 1978 he has dealt with Greece's entry in the EEC, scheduled for next January, the Cyprus issue, and Greece's disputes with Turkey over the Aegean and the problem of Greece's return to the military wing of NATO.

Despite his monarchist and right-wing past, Mr. Rallis is regarded as a moderate who could attract votes from the centre of the Greek political spectrum.

Mr. Averoff-Tossitsas, who has been instrumental in consolidating democratic rule since the collapse of the Junta, is expected to become Deputy Prime Minister and to keep his Defence portfolio.

Portugal offers incentives for investment

By Jimmy Burns in Lisbon

PORTUGAL HAS unveiled an ambitious package of incentives to boost private investment.

The measures, which officials described as "the first step in a much broader scheme," apply to both domestic and foreign investors under the Portuguese foreign investment code.

Under existing legislation, such priority sectors as agriculture, tourism or major foreign investments like the recent Es 30bn (£270m) Renault deal already enjoy special tax benefits. The new scheme extends incentives to

manufacturing industry, mining, and fishing until now, these industries have been overburdened by the high cost of money and heavy taxation.

The scheme is also part of an attempt to streamline the screening of projects which has up to now been the province of the Ministry of Finance and a restricted number of Government departments. Both foreign and domestic investors have complained that appraisal was complicated and lengthy. But each new foreign investment must still be authorised by the Foreign Investment Institute.

The new scheme also hints at

cuts in corporation, industrial and property taxes, as well as lower interest rates, and government cash grants for certain "priority" sectors. In the short term, these will probably be the industries which Portugal wants to develop for her future role within the EEC. They include high-quality textiles, automobile components, the expansion of the fishing fleet and the marketing and freezing of fish, and pyrites mining.

There will also be contributions to regional development, the creation of new jobs, and export-orientated productivity. Announcing the scheme, Sr.

Jose Cadilho, Portugal's Secretary of State for planning, said that the new package was compatible with the government's recently approved 1980 budget and short-term economic plan. The forecast is that fixed capital formation this year will increase by 6 per cent, against a decrease of 2 per cent in 1979, and that the deficit on current account will be held to \$800m (£351m).

But some economists believe that the push for higher growth along with greatly increased oil prices will contribute to a worsening of Portugal's balance of payments deficit.

Swiss support for franc

By John Wicks in Zurich

THE SWISS central bank's intervention on the foreign exchange market in favour of the Swiss franc totalled SwFr 4.9bn (£1.5 bn) in the first quarter.

This total resulted from interventions to support the currency plus some SwFr 1.3bn of forward U.S. dollar sales, as set against several interventions with dollars in favour of the yen and, in recent weeks, "limited" interventions in support of the dollar, it was announced at a news conference.

Swiss money supply was 10 per cent lower in the first quarter than a year earlier,

according to Dr. Fritz Leutwiler, the central bank president. This is the biggest drop since the Second World War, he said.

However, it represents a reduction of last year's excessive money supply volumes and funds remain adequate for the needs of the economy, said Dr. Leutwiler. The monetary base, which the central bank now takes as the major indicator in this field, is expected to develop at about 4 per cent growth rate forecast for 1980, though there would be no sudden jumps in order to reach this target, he said.

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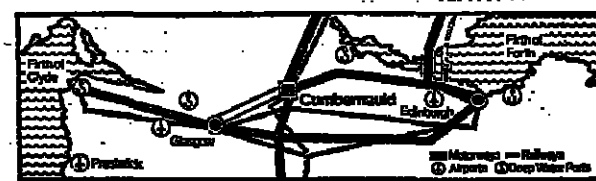
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Warsaw Pact chief sees danger of war

BY LESLIE COLTIT IN BERLIN

THE WARSAW PACT commander, Marshal Viktor Kulikov, has accused the U.S. Administration of creating conflict in various parts of the world which could set off a major war.

Marshal Kulikov, who has commanded the armies of the seven-nation alliance since 1977, compared the U.S. with Nazi Germany in the 1930s "before the Second World War."

His strident attack, one of the toughest by the Soviet Union, was published yesterday in the East German Communist newspaper Neues Deutschland in an article marking the 30th anniversary of Nazi Germany's capitulation. Political views expressed by Soviet military leaders are always approved in advance by the politburo of the Soviet Communist party.

The Warsaw Pact leader said the Carter Administration's foreign policy was leading to conflict in various parts of the globe which at a "specific moment could get out of control politically and lead to a major war" involving the super-powers.

He accused President Carter of virtually declaring the "entire globe" to be a zone of vital U.S. interest and creating artificially an "especially tense situation" in certain areas of the world. This closely resembled the pursuit of world domination by the German Fascists.

U.S. "ruling circles," he added, have "assumed the role of the advanced guard of world imperialism" which was played by Nazi Germany before the war. Marshal Kulikov claimed that the "frequent" "muscle-flexing" by the Carter Administration reflected the attempt of



Marshal Kulikov, warning the U.S. administration

U.S. imperialism to regain lost positions and was an expression of its impotence in the face of changes that have taken place.

"This involves a great danger for peace and the fate of the people," he said.

Writing less than a week before the meeting of Warsaw Pact leaders in the Polish capital to mark the twenty-fifth anniversary of the alliance, Marshal Kulikov said the Pact must "improve political and military co-operation."

This could indicate that pressure will again be put on neutral Romania for its armed forces to be placed under Soviet command and for the Bucharest government to raise its defence budget rather than lowering it.

Fiat to lay off 78,000 workers temporarily

FIAT IS to lay off temporarily 78,000 of its 114,000 Italian car-workers for four-seven days in June and July because of a sharp decline in export sales, writes Paul Betts in Rome. The Turin group said yesterday that the lay-offs are to enable the company to reduce by some 30,000 cars its high level of stocks.

Although demand has continued to rise in the domestic market, Fiat, which exports about 50 per cent of its car output, has suffered from shrinking demand in France, Britain and West Germany, its main export markets.

Total car sales in Italy in the first quarter increased to 462,075 from 427,557 in the same period last year. At the same time, Fiat's share of the domestic market rose by 2 per cent from 30.3 per cent at the last year to 32.5 per cent in March. But this increase has not offset the sharp drop in export sales, Fiat said.

Swedish price freeze

The Swedish Government yesterday extended until May 16 the six-week price freeze it imposed on March 27, when it announced a package of tax cuts and food subsidies it hoped would open the way for small wage increases in the national pay talks, writes William Duffin in Stockholm. Officials also started negotiations with farmers over farm price increases totalling SKr 900m-SKr1bn (£212-£238m) to which they are entitled under current agreements.

Blockade threatened

The Swedish seamen's union yesterday gave notice that it would blockade 15 ships operated by Swedish shipping companies under foreign flags from May 16, writes William Duffin. The seven companies involved had not replied by yesterday's deadline to a union demand that they stop operating vessels under foreign flags.

Swiss inflation rise

The Swiss cost of living index rose by 0.5 per cent last month, bringing the annual inflation rate back to the February rate of 4.1 per cent, writes John Wicks in Zurich. March inflation fell to 3.9 per cent, its lowest level for 10 months. Higher fuel oil and petrol prices were the main single factor in the rise.

Iran drops appeal

Iran has withdrawn its action against Canton Grisons in connection with a decision not to supply information on the former Shah's villa in St. Moritz, writes John Wicks in Zurich.

Ships ban sought

The Norwegian seamen's union has asked the Government in Oslo to ban Norwegian ships from calling at Iranian ports if the proposed western trade boycott of Iran takes effect from May 17. Fay Gjester reports from Oslo. The union fears reprisals against Norwegian ships or crews by Iranians resentful of the boycott.

Silent crowds witness Tito's burial

BY ANTHONY ROBINSON IN BELGRADE

YUGOSLAVIA'S PRESIDENT, Josip Broz Tito, was buried yesterday in a plain white marble tomb in the garden of his residence overlooking Belgrade.

Inscribed in gold on the flat top was simply his name and the length of his extraordinary life, 1892-1980. But the presence of 115 state and 97 party delegations and an enormous silent crowd which lined the two-hour-long procession route bore eloquent witness to his place in both the history of Yugoslavia and that of the turbulent 20th century.

His last journey began as the plain wooden coffin was carried out of the Federal Parliament to the strains of Lenin's Funeral March. As it emerged into the sunlight borne by officers of the armed forces, the military band started up the National Anthem

and a 48-gun salute boomed out over the city. Among the serried ranks of official mourners was the President's wife, Jovanka, flanked by her two sons.

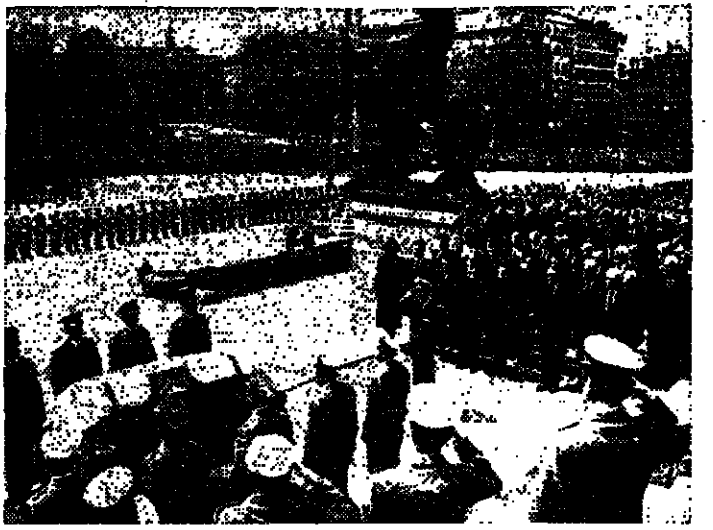
Mr. Stevan Dorozski, chairman of the collective Presidency of the Yugoslav League of Communists read President Tito's eulogy but it was far more than a eulogy of the man—it was also a reassertion of the guiding role of the Communist Party and a reaffirmation of the principles of unity, self-management, non-alignment, and equality of states and parties.

Yugoslavia, he said, was determined to carry on the principles forged during Tito's lifetime. He recalled the country's role during the war when Tito's partisans held down 30 fascist divisions—three times more than those employed in the

African campaign by the Axis forces whose supply lines passed through Yugoslav territory.

He also recalled how Tito had stood up to Stalin in 1948, adding that this was to assert the principle that relations between socialist countries must be based on equality, respect for sovereignty, and an independent path in the development of socialism.

It was a clear message to President Leonid Brezhnev who sat impassively in the front row flanked by his foreign minister, Mr. Andrej Gromyko. As Mr. Dorozski concluded his speech with a pledge that Yugoslavs would carry on Tito's work, a choir broke into one of the most famous partisan songs, Druze Tito—which starts "Comrade Tito, we pledge to follow your path."



The coffin of President Josip Broz Tito begins its final journey to Belgrade's Dedinje Hill

France considers relaxing strict exchange controls

BY TERRY BODSWORTH IN PARIS

THE FRENCH GOVERNMENT hopes to relax the country's stringent foreign exchange controls within 12 months.

Proposals to change the system have won the broad approval of M. René Monory, the liberalising Economics Minister, who was behind removal of a number of administrative controls in industry and commerce in the past three years.

M. Monory has apparently been impressed by the relative calm with which removal of exchange controls in the UK was greeted by the financial markets, and feels that the present strength of the franc will make similar moves possible in France.

No decisions have been taken so far, and there is no intention of going as far as Britain in sweeping away all controls. But some relaxation may be a key element in Government plans to strengthen French commodity

markets. The aim there is to reduce fluctuations in raw material prices, which have hit French industry hard in the last few months. The plans are being put together by the Economics Ministry, and are due to be introduced early next year.

The measures will include greater freedom for French residents to operate in commodity futures, where their activities are at present severely limited by exchange controls.

The Economics Ministry said yesterday that the authorities wanted to set up a regulatory commission for commodity trading which would include two Government appointees. The aim is to give the market more weight, and then to carry out a series of measures to expand its activities, including attraction of foreign investment.

Poland's bishops call for political reform

By Christopher Bobinski in Warsaw

POLAND'S BISHOPS have called for reforms in the way the country is run and have warned the authorities against growing repression of human rights activists. The bishops ended a two-day conference in Warsaw yesterday.

They said that a solution to Poland's problems needed reforms which would give people a real say in shaping the country's destiny. They called for a climate of calm, trust and dialogue, but said this could only be achieved if human rights were respected. The bishops said recent repression filled them with anxiety.

The authorities have embarked recently on the tactic of imprisoning human rights activists on criminal charges. There has also been a worsening pattern of ill-treatment of those detained.

Leniency for conspirators causes surprise in Spain

BY ROBERT GRAHAM IN MADRID

LENIENT SENTENCES passed on two army officers by a Madrid court martial for conspiracy on Wednesday have caused surprise among politicians here.

Lt. Col. Antonio Tejero, serving in the Guardia Civil and Capt. Ricardo Saenz de Inestrella, on secondment to the National Police, were given prison terms of seven and six months. The prosecution had sought up to six years imprisonment on the grounds they had plotted to seize the Cabinet of Sr. Adolfo Suarez in November 1978, and demand the creation of a government of national reconciliation.

The two men were alleged to have hatched this scheme in a Madrid cafe, the Galaxia, and planned to use cadets of the National Police Academy. It is the most serious case of proposed military adventurism since the death of Franco.

Surprise has focussed on two aspects of the "Galaxia Plot." At the time of their arrest, the government promised a full and thorough investigation. But little evidence was produced and the hearing lasted only one day. The prosecution witnesses gave only brief and usually unchallenged testimony.

The sentences are also a virtual absolution since the two men have already served their time in custody or house arrest, and have kept their rank without being asked to leave the service.

Many believe that even if the plot had been seriously conceived, and the officers claimed their discussion was hypothetical, it would have had little chance of success. The main concern was at the discovery that a number of senior officers within the armed forces knew about the scheme but did not inform the authorities.

Brunner will press for greater energy saving

BY JOHN WYLES IN BRUSSELS

ENERGY MINISTERS of the European Community are to meet next Friday for the first time in five months to discuss a proposal from the European Commission for "urgent action" to reduce the Nine's dependence on oil.

In contrast with last year when meeting almost every month, the Energy Ministers have taken a long breathing space after their efforts which culminated in December with commitments to limit national oil imports to specific levels for this year and in 1985.

At next week's meeting a report from the Commission will show that the trend in the first three months of this year indicates that 1980 oil imports should be comfortably inside the 472m tonnes Community-wide target.

Some EEC states now have increasingly credible energy-saving policies. But it is largely because of the general economic slowdown and large oil stockpiles that the import trend is well down on last year.

In his final year as Energy Commissioner, Herr Guido Brunner is seeking to build on the modest momentum generated by the Heads of Government meeting in Luxembourg last week. The final communique directed the Council of Ministers to find a co-ordinated approach to energy saving.

In a document for next week's meeting, Herr Brunner points out that on present trends the Community will still be using 70m tonnes of oil for electricity production in 1980. The discrepancies between member states will be enormous. France and West Germany will depend on oil for only 3.7 per cent and 4.6 per cent respectively of their electricity, but 49 per cent of Ireland's electricity and 44.7 per cent of Italy's will be produced with oil.

Herr Brunner will try to point Ministers toward his proposals for greater investment in energy saving and progressive harmonisation of energy prices and taxes.

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	1979	1978
Turnover	580	405
Cash flow	104	51
Net profit	47	1
Investments	102	102
Shareholders' equity	558	511
Long-term liabilities	280	249
Shareholders' equity in guilders	571	542
Net earnings in guilders per share	50	1

The annual report is available on request. Inquiries by telephone or letter may be addressed to:

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VAN OMMEREN

The annual general meeting of shareholders will be held on Thursday, May 29, 1980, at 11.30 am at the company's offices at Westerstraat 10, Rotterdam.

OVERSEAS NEWS

S. African Senate change will keep out blacks

BY QUENTIN PEEL IN JOHANNESBURG

THE South African Government yesterday approved a plan for a multi-racial State President's Council (SPC) to replace the existing all-white Senate, but the country's majority black population will still be excluded.

The proposal is the first of a planned series of major constitutional reforms, designed to broaden the base of South Africa's exclusively white rule, while maintaining the political separation of the black community. Only whites, coloured (mixed race), Indian and Chinese minorities will be represented on the new Council.

At the same time, the Government intends to expand the existing Parliament by a further 20 nominated members, which is likely to reinforce the control of Mr. P. W. Botha, the Prime Minister.

The announcement of the plans coincided with a key by-election result, in which Mr. Botha's ruling National Party successfully held off a concerted challenge from more extremely Right-wing Afrikaners.

The result in Fountains, a sprawling rural constituency in the Orange Free State, where the National Party majority was cut from 5,000 to 3,000 votes, but still far out-weighted the combined total of the other candidates, should reassure Mr. Botha of his ability to press ahead with his reforms.

Nevertheless, the constitutional proposals presented to Parliament yesterday by a Commission headed by Mr. Alwyn Schabens, Minister of Justice and of the Interior, and immediately given the Government's blessing, show that Mr. Botha has been unable to win consensus within his party on a whole new constitution.

The planned President's Council is not so much an end in itself, as a super constitutional commission, whose powers



Mr. Schabens: headed constitutional commission

are merely advisory. Black involvement takes the form of a separate black council drawing its members from tribal homeland governments, and community councils, which may in turn be consulted by the higher body.

The lack of black involvement

in the new council was immediately attacked by the Progressive Federal Party (PFP) opposition as a nonsense.

It is likely to prevent many recognised black and coloured leaders from taking part. But even the token presence of other race groups than the whites, has caused rumblings of revolt among National Party Conservatives.

Membership of all the new bodies will be dominated. The 20 extra Parliamentary seats will be granted on the recommendation of party leaders, in proportion to their existing numbers—so Mr. Botha will have 17 new seats to award. Abolition of the Senate will also remove a number of more extreme conservatives from the ranks of the National Party Parliamentary caucus.

The danger of another Right-wing threat to Mr. Botha seems to have been removed by the by-election result. The National Conservative Party (NCP) of Dr. Connie Mulder, the former Information Minister, came a very poor third in the poll.

Wage boom is forecast by Stellenbosch survey

JOHANNESBURG — South Africans can expect a 20 per cent increase in their pay packets this year compared with 1979. The increase is expected to give them 5 per cent more spending power despite continued inflation, according to an economic survey published yesterday.

The economic research bureau of Stellenbosch University said in an opinion survey that South Africa's current economic boom, buoyed by higher gold prices,

could be even bigger than forecast in last month's budget forecast.

Even with inflation — 14 per cent last year — continuing at much the same rate, the survey predicted a growth rate as high as 6 per cent.

But the survey struck a cautionary note by saying that bottlenecks, particularly from shortage of skilled labour, could halt the economic upswing prematurely. Reuter

Israelis in 'retaliation' coast raid

FIVE Palestinian guerrillas were killed and several wounded in an Israeli raid on Lebanon's southern coast early yesterday, Ihsan Hyazi reports from Beirut. According to the Palestine Liberation Organisation, 150 Israeli soldiers landed from rubber dinghies and ambushed Palestinian vehicles at two points, 12 miles south of Beirut and south of Sidon. The raid is believed to have been in retaliation for the Palestinian guerrilla attack in Hebron last week in which six Israeli settlers were killed and 16 wounded.

Shekel take-over

The shekel is to become Israel's sole currency on October 2, L. Daniel reports from Tel Aviv. The decision was made yesterday by the Knesset's Finance Committee.

Korean student clash

ABOUT 3,000 South Korean students yesterday smashed through a cordon of riot police attempting to seal off Wonkwang University from the nearby town of Iri, 110 miles from Seoul, Reuter reports. Eleven people, including five police, five students and a professor were injured in running battles between the demonstrators and police. The students are calling for an end to martial law and to student military training.

Similar demonstrations occurred in Seoul but there were no reports of casualties.

Aquino for U.S.

A prominent Filipino opposition leader, Mr. Benigno Aquino, left Manila yesterday for the U.S. where he is to undergo a heart by-pass operation, Emilia Tagaza reports. President Ferdinand Marcos and the Supreme Court permitted Aquino's departure after being given an assurance that he would return to the Philippines if the operation was successful.

Zimbabwe warned of uphill battle

BY TONY HAWKINS IN SALISBURY

ZIMBABWE is forecasting real growth of about 4 per cent in 1980 according to the Government's annual economic survey published today by the Ministry of Finance.

Figures published for the first time show that real gross domestic product fell 15 per cent between 1974 and 1979, though it was effectively unchanged last year. That reflected a steady recovery in the economy after declines of 7 per cent in 1977 and more than 3 per cent in 1978.

But the survey says that Zimbabwe faces "an uphill battle". Its terms of trade have deteriorated 32 per cent in the past five years mainly because of higher petroleum prices. The survey calls for "much greater strides" to reduce dependence on imported energy.

It is optimistic on exports, predicting a growth rate of at least 30 per cent in 1980 after growth of 14 per cent last year. The survey says that there

will be some savings on invisible account in the balance of payments as a result of not having to trade through third parties.

Whatever proportion of trade can go through the Mozambique ports of Beira and Maputo will assist the country's export effort and help to make up for the loss of movement during seasonal peaks on the South African system. Ne whorizons have been opened for Zimbabwean exporters with the lifting of sanctions but exporters must remain competitive in quality, price and delivery dates, the survey says.

It predicts that the demand for imports for reconstruction and development will rise steeply and export earnings will not be sufficient to cover imports and invisibles. "The ability to meet this demand will depend on the level of capital inflows by way of loans and grants."

The survey says that a

Government task of overriding importance will be to harness whatever external aid is available to the needs of peasant agriculture including resettlement, finance, agricultural extension services and the rebuilding of infrastructure. It predicts that in 1980-81 the volume of peasant farming output could rise by as much as 60 per cent as against 20 per cent for commercial agriculture.

The volume of mineral production will rise sharply this year, it says, forecasting the value of production at around £2420m (£280m), an increase of one-third on 1979. A large proportion of this growth will come from gold and silver, the survey says.

On manufacturing the survey says that the amount of foreign exchange needed to replace machinery and to purchase imported raw materials will exceed the supply of foreign currency. All applications for foreign exchange will therefore continue to be closely examined.

On construction, it says that a shortage of capacity is likely to act as a constraint on development.

Although strenuous efforts will be made to train local people, foreign skills will have to be imported and special attention is being given to replacement of imported construction machinery. Construction output is expected to expand by 15 per cent this year. The survey shows that employment in 1979 was virtually unchanged at 990,000. This year there should be growth of some 50,000 jobs which would take the employment total close to its 1975 peak of 1,052m.

After inflation of just over 12 per cent in 1979, the survey says it hopes that the improvement in the country's competitive position and the use of previously spare capacity will moderate the rate at which prices rise this year. But a great deal will depend on the cost of imports, especially fuel, and on wage and productivity trends.

Iraq call for Britain 'to be punished'

Beirut. Iranian - Arab students in Iraq have called for Britain to be punished for its action in ending the takeover of the Iranian Embassy in London.

In a statement, the League of Arabistan Students in Iraq denounced "the vicious intervention of British forces which stormed the building of the Iranian regime's embassy in London at a time when negotiations were going on between Arabist revolutionaries and British police."

The statement added that the London operation would not be the last as the Arab people in Arabistan fought to regain their national rights. Reuter

Singapore row over UK law firm

BY KATHRYN DAVIES IN SINGAPORE

A ROW has broken out in Singapore over the Government's decision to invite a British law firm to set up an office in Singapore later this year.

The decision to admit foreign lawyers has been taken in response to repeated criticisms from European and U.S. bankers that legal expertise in the field of international banking transactions, such as Eurodollar loan syndication, is lacking in Singapore.

Some bankers have compared the legal back-up services unfavourably with those in Hong Kong and have suggested that Singapore's bid to become a major financial centre is being seriously retarded as a result.

However, local lawyers are angry at what they consider a slur on their professional competence. They are also annoyed that foreign lawyers will not be forced to meet the usual qualifications for admission to the Singapore bar, as being much higher than in Hong Kong. As a result, locally-based lawyers have been directing their clients to transact their business dealings in Hong Kong.

What has brought matters to a head is the decision by the Government to invite two

solicitors from the leading firm of Freshfields to set up an office in Singapore later this year. Freshfields' clients include the Bank of England. As well as its practice in the City of London it has offices in Paris and New York.

Another British law firm, Clifford Turner, has applied to practise in Singapore, but has not so far been given the go-ahead. The Hong Kong-based firm, Johnson, Master also wants to set up an office in conjunction with its London associate, Norton Rose Bottrell and Roche.

Singapore lawyers claim that they are being made the scapegoat for the government's own fiscal policies which, they say, have acted as a disincentive to international loan syndication. They cite the "Penal" stamp duties (reduced in the latest budget) as well as the 40 per cent corporate tax rate, as being much higher than in Hong Kong. As a result, locally-based lawyers have been directing their clients to transact their business dealings in Hong Kong.

"We have been cutting our own throats," one lawyer said.

Much of the lawyers' ire is directed at U.S. bankers who they say are "arrogant" and insist on applying U.S. law in connection with international financial transactions, rendering the role of a Singapore lawyer unnecessary.

They further resent the presence of two U.S. law firms which, although based in Singapore, are only allowed to practise U.S. law in dealings with offshore banking transactions. Lawyers here allege that the Americans also involve themselves in normal contract law.

They fear that the incoming British firms will also encroach on areas such as conveyancing, thus removing lucrative work from local firms. So far the Government has merely said that Freshfields will be involved in "corporate financing," the limits of which are not known. Singapore's legal profession has taken an unusually tough stand in the face of what it regards as potentially unfair competition. According to a leading lawyer, "the front rank of people protesting" includes the law firm of Lee and Lee, in which the Prime Minister's wife and brother are senior partners.

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Bani-Sadr plan for new Cabinet

By Simon Henderson in Tehran. IRAN'S President, Mr. Abol Hassan Bani-Sadr, is endeavouring to outflank the hardline clerical opposition to his comparatively liberal form of government.

The clergy-based Islamic Republican Party is expected to have a majority in the assembly after today's second stage of the parliamentary elections, but President Bani-Sadr has started talking about forming a new Cabinet. Such a body, filled with his own men, would be a useful counter-weight to the Parliament.

Ayatollah Khomeini has given some backing to the idea. On Wednesday he approved the appointment of a Prime Minister and a Cabinet before the establishment of the Parliament. It is thought the changes could be made within the next fortnight. Even with the elections completed, Parliament is not expected to sit for a month or so.

In a statement on the polling Ayatollah Khomeini has asked electors to vote for candidates who are 100 per cent Moslem and warned them against "deviant doctrines."

In Iran this would cover all left-wing ideologies as well as liberalism.

Today's elections are to fill the remaining 172 seats in the 270-seat Parliament. The Islamic Republican Party won more than half of the seats decided in the first round.

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to be held for holders of Bowring Shares and Convertible Stock at 11:00 am on Thursday, 15th May, 1980, at The Grosvenor House Hotel, Park Lane, London, W1.

The meeting was envisaged in the Offer Document sent to Bowring shareholders and stockholders on 29th April, 1980, and is intended to provide a forum for discussion about Marsh & McLennan, John M. Regan, Jr., Chairman of Marsh & McLennan, and Peter Bowring, Chairman of Bowring, will address the meeting and answer questions. As a substantial proportion of the merged group would be held by the current shareholders and stockholders of Bowring, Marsh & McLennan and Bowring hope that as many holders as possible will attend the meeting.

AMERICAN NEWS

Victory in House for plan to balance budget

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter has won his first major Congressional victory towards the goal of a balanced Federal Budget next year, with the House of Representatives adopting this week a \$81.8bn (£27.43bn) spending ceiling for 1980-81.

By the House estimate, this would put the Budget \$2bn in the black, for the first time in 12 years. The Administration proposal, revamped in March, assumes a much larger \$16.5bn surplus because it includes taxes not yet approved by Congress.

After Wednesday night's House vote, in which enough Republicans joined the Democrats to tip the scales for a balanced Budget, the Senate yesterday sought to adopt its version of the 1980-81 Budget resolution. This sets spending ceilings for the rest of the Budget approval process this summer.

A major clash between Senate and House is likely to come on defence spending. The version the more conservative Senate is likely to adopt contains \$8bn more for defence than the House has allowed.

Already, the absence of Mr. Edmund Muskie, who on Wednesday night was overwhelmingly confirmed by the Senate at the new Secretary of State and will resign as Senator from Maine, is being felt. He was chairman of the Senate Budget Committee, which now passes to more defence-minded Senators.

The moves to put the Budget in balance, which President Carter made the centre-piece of his March 14 counter-inflation programme (that also included credit curbs and a supposedly tougher incomes policy) may prove academic.

The actual Budget will be shaped as much by the performance of the economy as the decisions of President and Congress, and the U.S. is, in almost unanimous opinion, slipping, or has already slid, into recession.

Administration economists say they have not yet conceded that budget balance is not possible in recession. They have to, by mid-July, when Budget estimates are next revised.

An automatic tendency towards a Budget deficit in weaker economic times is still considered a useful stabiliser by many economists.

But often, politicians in an election year feel compelled to swell this deficit further by a special increase in spending, or cuts in the tax rate.

Such a trend may become evident as the year wears on.

Carter to urge N-fuel for India

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT Jimmy Carter is ready to push hard for the export of 38 tons of nuclear fuel to India—a task made more important by the Soviet invasion of Afghanistan, according to Administration officials.

The move comes despite the 1978 Non-Proliferation Act which bans nuclear shipments to countries that have neither signed the International Non-Proliferation Treaty nor opened their nuclear plants to international inspection.

India comes into this category, but the two shipments of 19 tons of fuel could be made to India because they were requested in a grace period allowed in the Act.

Mrs. Indira Gandhi's Government has taken grave exception, as did her predecessor Mr. Morarji Deesai, to U.S. demands that India permit inspection of all its nuclear sites, or else face a fuel cut-off from the U.S. under the 1978 law.

Previously, the U.S. signed a contract to supply the Indian nuclear plant at Tarapur with fuel until 1993, and U.S. officials admit privately that they would probably lose it if Mrs. Gandhi chose to take the U.S. to international arbitration.

U.S. aid to Pakistan is proceeding more slowly than the Carter Administration planned in the immediate aftermath of the invasion of Afghanistan by Soviet troops, but still fast enough to make the Indians wary.

Canada may stall Hunt rescue

BY JOHN MACKINSON

THE CANADIAN Government may stall the \$1.1bn (£448m) rescue operation orchestrated by U.S. and Canadian banks for the Hunt Brothers of Texas, who recently suffered heavy losses on the silver market.

Completion of a rescue, financing is understood to be conditional on the successful transfer of Hunt oil and gas properties in Canada's Beaufort Sea to Engelhard Minerals and Chemicals. Engelhard has agreed to accept the properties in part settlement of a \$685m debt owed by it.

The transfer could be prevented, however, by Canada's Foreign Investment Review Agency (FIRA), which at present is examining whether the Engelhard deal falls under its jurisdiction. FIRA monitors and investigates takeovers involving foreign companies in Canada.

Talks are being held between FIRA and the Justice Department in Ottawa to determine whether the transaction should be investigated. If it proceeds with inquiries, Engelhard would need to establish that the transfer would be of "significant benefit" to Canada.

Even if the Canadian Government eventually approves the deal, delays caused by the inquiry could prove embarrassing to the Hunt brothers. Their losses on the silver market have made it difficult to meet expiring debts. Even though \$300m of the \$1.1bn has already been advanced, they are depending on the rest to meet a multitude of immediate obligations.

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Hugh O'Shaughnessy and Raymond Whitaker report on Carter's chance to win influence Washington hawks eye the Caribbean

THE FLOOD of refugees from Cuba to the U.S. is causing some problems for President Jimmy Carter, who has declared the state of Florida a disaster area so as to release \$10m in government funds for refugee assistance.

The President is also being urged to consider an airlift to the U.S. from Havana, where thousands of Cubans are still waiting to join the 20,000 who have already made the dangerous sea passage across the Straits of Florida.

Washington, which yesterday began a large-scale military exercise off the U.S. east coast and in the Caribbean, code-named Solid Shield 80, has a chance to profit from the political and economic difficulties of President Castro. The question in many observers' minds, however, is whether a show of force involving thousands of servicemen and billions of dollars worth of equipment is the right way of going about it.

Sen. from the U.S. capital, the Caribbean basin has for some time been providing a small but steady diet of bad news. Washington's options to react to it have been narrowed considerably.

Last year, the disreputable but undoubtedly capitalist Government of Sir Eric Gairy in Grenada was overthrown by Mr. Maurice Bishop, in the first military coup in the Commonwealth Caribbean. Mr. Bishop has upset Washington by talking socialism, forming a strong axis with Cuba, whose engineers are building his new airport, and voting in the United Nations against any censure of the Soviet invasion of Afghanistan.

Last week, Mr. Bishop joined President Castro and Mr.

Michael Manley, Prime Minister of Jamaica, in condemning the U.S. manoeuvres.

Although Mr. Manley's brand of socialism is more parliamentary than Mr. Bishop's, his close ties with Cuba and his break with the International Monetary Fund have perturbed the U.S. Government.

On U.S.-controlled Puerto Rico, the independence-seeking have let it be known that their resolve to kick Uncle Sam out of the island he took over after the Spanish-American War of 1898 is not at all weakened by their diminishing electoral support. Terrorism has revived after a lull of some years, resulting in the deaths of a number of U.S. Navy personnel.

Washington is encouraged by the relative economic strength of the Dominican Republic, despite the ravages of Hurricane David last year, but Haiti—its neighbour on the island of Hispaniola—remains unstable. The flood of Cuban refugees landing in the U.S. has been supplemented by a small but steady flow of Haitians seeking to escape destitution at home.

The islands of Eastern Caribbean—some independent, the rest controlled variously by Britain, France and the Netherlands—are difficult to lump together, although most have fragile economies.

Several have strong parliamentary traditions, but the U.S. fears that one or two might turn towards the Grenadian model or become *piecés-à-téte* for dubious casino and offshore bank operators.

Barbados exerts a strong counter-attraction, however. Governed by a cautious British-trained barrister and former BBC producer, Mr. Tom Adams, the island's phlegmatic English-

ness has earned it the nickname "Bimshire."

Although Mr. dams has not quarrelled openly with the Cubans, and has resisted calls to make Grenada a regional outpost, his style of politics is antithetical to President Castro's. Venezuela is also beginning to do more to increase its Caribbean influence on the side

majority, was quick to point this out in his post-election remarks.

The affair at the Peruvian Embassy in Havana is only the latest in a sea of troubles for President Castro, whose economy is admitted to be in a pitiable state. U.S. officials put the effective Soviet subsidy in 1978 at around \$8bn, without

Prime Minister, for continuing the policy of seeking a rapid departure from Delite, Britain's last colony on the American continent, the UK wants to liquidate its remaining Caribbean commitments regardless of the consequences.

Other factors are hindering a swift increase in U.S. influence. While a little economic assistance might go a long way, President Carter's budget cuts have restricted and delayed U.S. contributions to the Caribbean Development Bank, the main channel for aid.

The bank's contributions have also been bedevilled by domestic political pressure for the U.S. to get more kudos for its aid dollars by switching to bilateral assistance.

As in other areas of foreign policy, there is much debate inside the Administration.

The "doves" argue that the wind of change is sweeping too strongly through the region for the U.S. to impose its will by the use of threat of military force. (As recently as 1965 President Lyndon Johnson sent marines into the Dominican Republic to crush an unwelcome constitutionalist rebellion).

But while liberals urge that some "political experimentation" should be expected and tolerated, the lack of sympathy for Mr. Manley in his current wrangles with the International Monetary Fund indicate a tougher official line.

"Those who get themselves into balance-of-payments difficulties like Jamaica's have only themselves to blame," one official commented.

The staging of Solid Shield 80—even the codename—also seems to indicate that the "hawks" have the upper hand.



Mr. Maurice Bishop, Prime Minister of Grenada, with President Fidel Castro, at a recent rally in Havana, applaud denunciations of the refugees now leaving Cuba for the U.S.

of Western interests. Several government delegations have been invited to Caracas, and aid money is beginning to flow.

The U.S. wishes the same could be said of oil-rich Trinidad, but the government of Mr. Eric Williams remains aloof towards its neighbours.

However, Mr. Carter can take satisfaction from his opponents' difficulties. The exodus from Cuba has been a poor advertisement for the Castro model. Mr. Vere Bird, the conservative Prime Minister of Antigua who last month increased his parliamentary

which Cuba's economy would have been close to collapse. The tide of events appears to present the U.S. with an opportunity to regain lost ground in the Caribbean, where its diplomatic presence has been strengthened recently. France, for example, is alarmed at what it sees as Cuban attempts to subvert its territories, and is resolved to show its presence more forcefully.

Washington is less confident of Britain's intentions. In the view of some senior Washington policy makers, who chide Mrs. Margaret Thatcher, the British

still did not know how they would vote. But the 55-45 per cent lead for the "noes" does confirm what observers have been noting: that Mr. Claude Ryan, the leader of the Quebec Liberal Party and head of the "no" organisation, has been rallying his forces. Polls taken when the campaign opened showed the "yes" party, led by Mr. Rene Levesque, the Parti quebecois Premier, narrowly ahead.

Since that time, an elaborate tactical battle has been fought, during which Mr. Ryan has been trying to convince the electorate that a "yes" vote really would be a vote for independence—something the majority even of French-speaking quebecois are known not to want.

Mr. Pierre Trudeau, the Canadian Prime Minister, has joined the fray and has driven Mr. Levesque to admit that if the quebecois say "no" his bid for "sovereignty association" would be at a dead end. He would then be forced to seek a better deal for Quebec within the Canadian confederation.

Former beauty queen in New York Senate race

BY DAVID LASCELLES IN NEW YORK

A DASH of glamour has been added to the New York Senate elections by the entry into the race of Miss Bess Myerson, a former beauty queen, and more recently, consumer advocate, journalist and business consultant.

Miss Myerson is entering the Democratic race to challenge Sen. Jacob Javits, the long-time New York Senator who recently announced that he will run for a fifth term.

Miss Myerson had made no secret of her political ambitions, and her declaration on Wednesday came as no surprise.

Miss Myerson's chances are somewhat in doubt. Apart from taking on a formidable incumbent, she must also contend with two other challengers—her former chief, Mr. John Lindsay, and Representative Elizabeth Holtzman.

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Quebec 'swinging to federalism'

BY ROBERT GIBBENS IN MONTREAL

QUEBEC APPEARS to be swinging strongly towards the Canadian federalist cause, as the referendum on the French-speaking province's future approaches. In the latest opinion poll to be published, 55 per cent of those responding said they would vote "no" on May 20 to the proposal to authorise the provincial Government to negotiate sovereignty in an economic union with the rest of Canada.

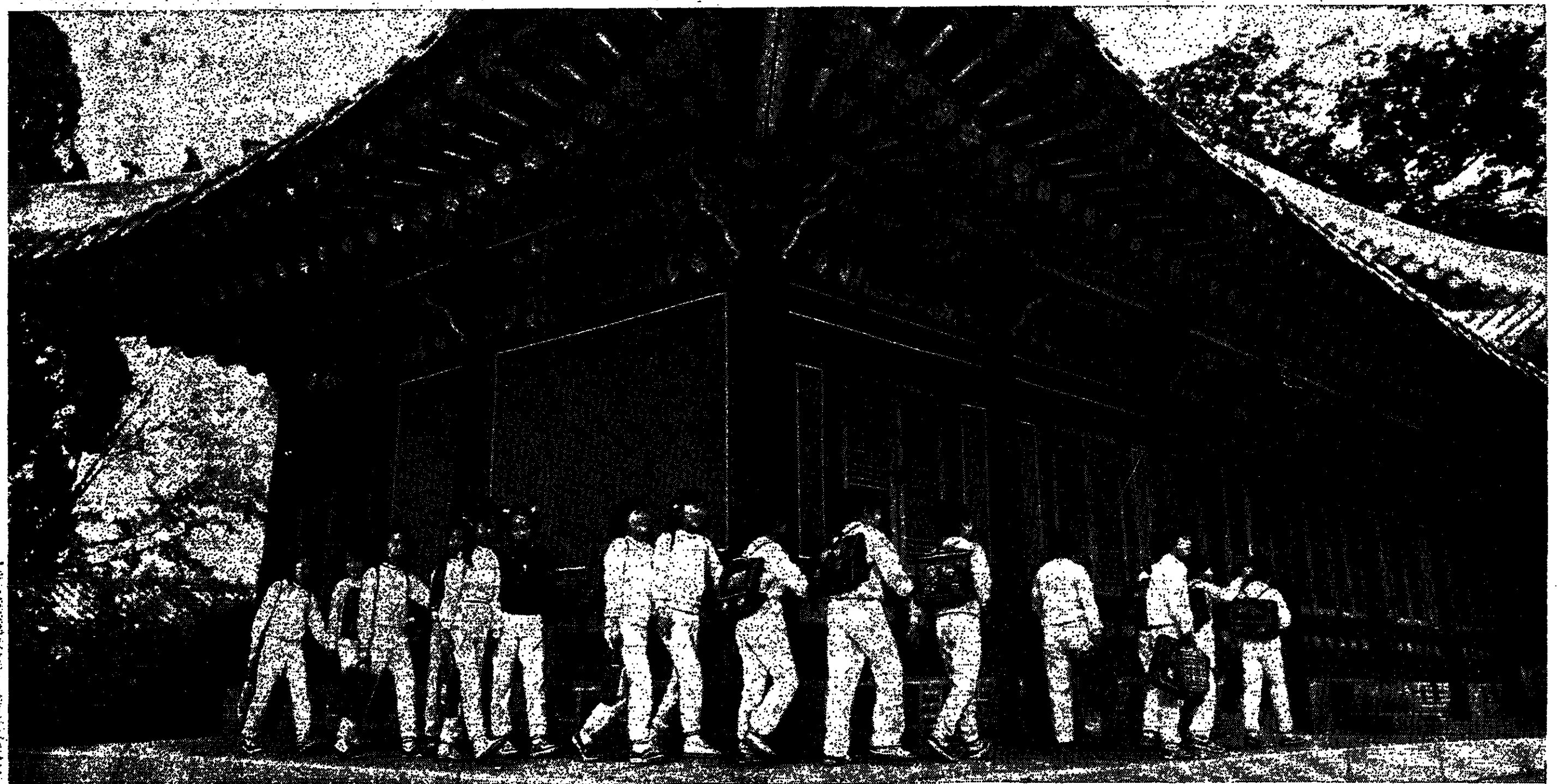
The figures must be treated with caution, since a large number of those interviewed

still did not know how they would vote. But the 55-45 per cent lead for the "noes" does confirm what observers have been noting: that Mr. Claude Ryan, the leader of the Quebec Liberal Party and head of the "no" organisation, has been rallying his forces. Polls taken when the campaign opened showed the "yes" party, led by Mr. Rene Levesque, the Parti quebecois Premier, narrowly ahead.

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BARCLAYS BANK HELPS RALLI CONEY THREAD COTTON FROM CALIFORNIA TO KOREA.

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WORLD TRADE NEWS

AEG to build colour TV plant in China

By Kevin Done in Berlin

AEG-TELEFUNKEN, the West German electronics and electrical group, has signed a letter of intent with Peking to build a complete television factory in China. In addition China is to use the AEG's PAL colour television system for building up its own national network.

The capacity of the turn-key television plant is still to be decided, but this could be fixed when executives from AEG's television and radio subsidiary, Telefunken Fernseh und Rundfunk go to Peking next month.

The letter of intent envisages that AEG will be responsible for the construction and equipping of the plant as well as the necessary training of management and staff.

AEG completed a similar turn-key project a couple of years ago, when its subsidiary Olympia Werke undertook the construction of a typewriter plant in the USSR.

Herr Heinz Dürr, the new chief executive of the AEG group, sees China as one of the company's most promising markets in the Far East. Although sales there last year totalled

only some DM 20m, new orders totalling well in excess of DM 100m have been taken as a result of AEG's share in several large process plant contracts won recently by West German companies.

AEG will be responsible for supplying the electrical equipment for some of these installations.

AEG, which has run into serious financial troubles in recent years—it made a loss of DM 968m in 1980 and had to be rescued in a series of financial measures put together by West German banks, insurance companies and large industrial concerns—has recognised that one of its major weaknesses is its shortage of manufacturing facilities outside West Germany and its over-dependence on exports from the Federal Republic for foreign sales.

In an earlier move into the Far East, however, it has established a factory in the Philippines for the construction of semi-conductors. The plant, which has a workforce of some 1200, produces components for AEG plants in West Germany.

See results page 38

Dutch-built rig to drill for oil off Poland

A WESTERN-BUILT oil rig, jointly operated by the Soviet Union, East Germany and Poland, is to begin drilling for oil next month off the coast of Poland. The rig, built in Rotterdam, is said to be similar to those operating off the Yugoslav Adriatic coast, in the Carian Sea and off the coast of Sakhalin Island in the Pacific.

A Comecon organisation called Petrobalic took possession of the platform on Wednesday, according to ADN the East German news agency. It is to be towed to oil deposits believed located north of the Hel Peninsula near the Polish city of Gdansk. Petrobalic was formed in 1975 to help the two smaller Comecon countries find oil as the Soviet Union is no longer able to increase its oil supplies to them.

The oil platform measures 63 metres by 54 metres and can operate in waters up to 90 metres deep. The oil rig is to be manned by 62 men and is fitted with a helicopter landing pad.

ADN says the offshore oil storms that might occur once in a century in the Baltic with winds of up to 30 metres per second.

Standard Brands

Standard Brands which yesterday announced a counter-bid for Liggett Group, expects 1980 earnings to top those of last year, Mr. Johnson, the chairman, told the annual meeting, reports Reuter from New York. In 1979 the company earned \$86.4m or \$3.04 a share on sales of \$2.61bn.

Manoeuvring starts on Egypt water project

BY ALAN MACKIE IN CAIRO

IT IS A MEASURE of the growing interest in Egypt as a place to do business, as well as the slow-down of activity in other areas of the Middle-East that nearly 50 international consortia have expressed interest in bidding for the construction of a \$300m-\$400m water pipeline linking the Nile with Suez and the Canal Zone.

The project will be a major one involving the building of a twin, two metre diameter pipeline from a point between Madi and Helwan south of Cairo 200-300 kms across desert and through mountain range to Suez. Prequalification bids close at the end of June. The Ministry of Irrigation hopes to have the project completed three years after that date, although industry officials take a slightly more cautious view and estimate it could take as much as five years.

An interesting feature of the

project is that the Egyptian Government will not be looking for World Bank or international agency support, but will be expecting bidding consortia to provide finance in conjunction with government-to-government soft loan backing.

Mr. William Shenouda, the Ministry of Irrigation senior undersecretary, says he has more than one offer of finance for all the local and hard currency cost of the project at 3 per cent spread over 30 years.

European companies are going to find it extremely difficult to compete with these terms and are moving into international consortia to raise the maximum soft-loan finance. The British Export Credit Guarantee Department (ECGD) has agreed in principle to provide up to \$25m medium-term for any one of the three British companies, Tarmac, Taylor Woodrow and Laing, which have

so far put in a preliminary offer. Tarmac is lining up a consortium with EEC Partners and the Egyptian contracting group Arab Contractors.

Tying up the financial package, the next stage after the closing of the prequalification tenders, will be a complex business. In some cases there could be five or more sources of finance.

This stage of the negotiations is likely to be carried out by the Ministry of Economy's foreign loan department level. Although the final contract will be awarded after taking all factors in consideration, especially cost and performance, the type of financial packages worked out will clearly play an important part in who is awarded the contract.

Quite apart from Sinai's irrigation requirements, the water supply to Suez has had to be expanded to meet the city's growing domestic and industrial needs of the pipeline's 500,000 cubic metres a day capacity. Some 500,000 cubic metres a day will be used to irrigate 40,000 acres in Sinai, and the remaining 30,000 cubic metres a day will be used for domestic users, the manufacturing and oil industries and shipping in the Suez area.

With the pipeline the Government will be charging commercial water rates. This is a new departure in Egypt where water is traditionally a free commodity. The pipeline will be used as a way of educating the public to the need to charge for water as a way of controlling its increasingly wasteful use. The Government is thinking in terms of rates which will pay for the project about 15 years.

Only when the financing has been arranged will any serious

work be done on preparing tenders. The Egyptian authorities hope to have a short list of tenderers by September or October and the contract awarded and started by the end of the year.

This may be an unduly optimistic. A project of this size and complexity requires up to 18 months for bid preparation.

One way of speeding up the process would be if one company or consortium were able to offer a maximum price below the rest of the field. It could then be awarded the contract without first having to make detailed studies.

Time is an important factor both in terms of project evaluation, especially now that international interest rates are poised at record levels and world currency markets remain volatile, and Egypt's domestic requirement to get the economy moving.

Poland, Soviet Union sign long-term accord

BY CHRISTOPHER BOBINSKI IN WARSAW

DIFFICULT and long drawn-out talks on Polish-Soviet trade talks covering the next five-year plan in which Soviet supplies of raw materials for Polish industry are crucial.

The Soviet Union has already agreed to maintain raw materials sales at 1980 levels. This year, the Soviets are supplying 13.1m tonnes of oil, 3.8m tonnes of petroleum products, 5.3bn cubic metres of natural gas and 105,000 tonnes of cotton to Poland.

The main problem for the Polish side during the talks has been persuading the Soviet Union to increase its supplies of raw materials over 1980 levels. Last autumn the Poles even offered to pay hard currency for an extra 1m tonnes

of Soviet oil a year. The offer was not taken up. Another Polish proposal, made in January, under which Polish coal from the Lublin coal basin, would be swapped for Soviet gas between 1983 and 1984 had still not been taken up.

An alternative Polish offer of pipeline construction by the Poles in the Soviet Union in exchange for Soviet gas supplies came up against a difference of views on price. For the first time the Soviets proposed that Polish-supplied materials and labour employed on such projects should be paid for according to Soviet rates. This would mean a sharp reduction in the value of such work for the Poles. Poland has been getting

R400m (£268.6m) for every 500 kilometres of pipeline laid. Now, under Soviet rates, 500 kilometres would cost R100m.

Another item which presumably arose during this week's talks in Moscow was whether the Soviet Union would continue to tolerate a Polish balance of payments deficit in mutual trade with the Soviet Union was in 1974. In December, 1976, the Polish authorities discovered that the Soviet Union had extended a R1.2bn credit to Poland. This loan, in effect an agreement which allowed Poland to run a trade deficit, must by now be largely taken up.

SEVERAL WESTERN multinational companies are seriously worried that a recently agreed set of international guidelines in control restrictive business practices might raise new obstacles to some of their expanding trade operations in developing countries.

One of the large Swiss banks which advises several European multinationals on business conduct in Asian, African and Latin American countries is telling its clients that they may have to alter legal and managerial relationships with their subsidiaries in developing countries to avoid being affected by the guidelines.

Substantive negotiations were concluded on the guidelines, called "Principles and Rules for Control of Restrictive Business Practices" at a United Nations Conference in Geneva last month. The Guidelines must now be approved by the UN General Assembly in New York next September.

Corporate executives fear that while implementation of the guidelines is voluntary they might form the basis of new binding legislation in developing countries which would seriously affect trade and business operations.

Although the guidelines confirm only those abuses of dominant market positions which affect the foreign trade or economic development interests of developing countries, their scope of application includes transactions between Western parent companies and their developing country subsidiaries.

Parkinson defends temporary barriers

BY FRANK GRAY

MR. CECIL PARKINSON, the Trade Minister, has reaffirmed the Government's support of liberal trading policies but emphasised Britain's right to impose temporary restrictions against sudden surges of imports that disrupt the economy.

At the annual luncheon of the British Importers' Confederation (BIC), the Minister said that the consumer, by having access to a choice of products, provided a counterbalance to what would otherwise be a stagnating industrial situation in Britain.

"Would British Leyland workers be prepared to talk with Sir Michael Edwards (the BL chairman) in the way they have been if they knew there would be no foreign car imports?" he asked.

He emphasised, however, that

Britons had an in-built resistance to change. This was particularly evident in the newspaper industry which had no foreign competition.

Mr. Parkinson said the Government's job "is not to build barriers to other people's goods." Instead, its objective over the next decade was to support the effective implementation of the international tariff accord contained in the recently concluded Tokyo Round of the General Agreement on Tariffs and Trade.

But he took issue with a recent BIC report which said controls should only be implemented when goods were dumped, saying the Government supported cases for temporary measures against unexpected surges of imports.

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600,000 men and women who are young and eager for work.

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For instance, all manufacturers in the Free Trade Zone are automatically exempt from all taxes — for up to 10 years. This includes taxes on corporate and personal income, royalties, dividends, followed by a further concessionary tax period for a maximum of 15 years.

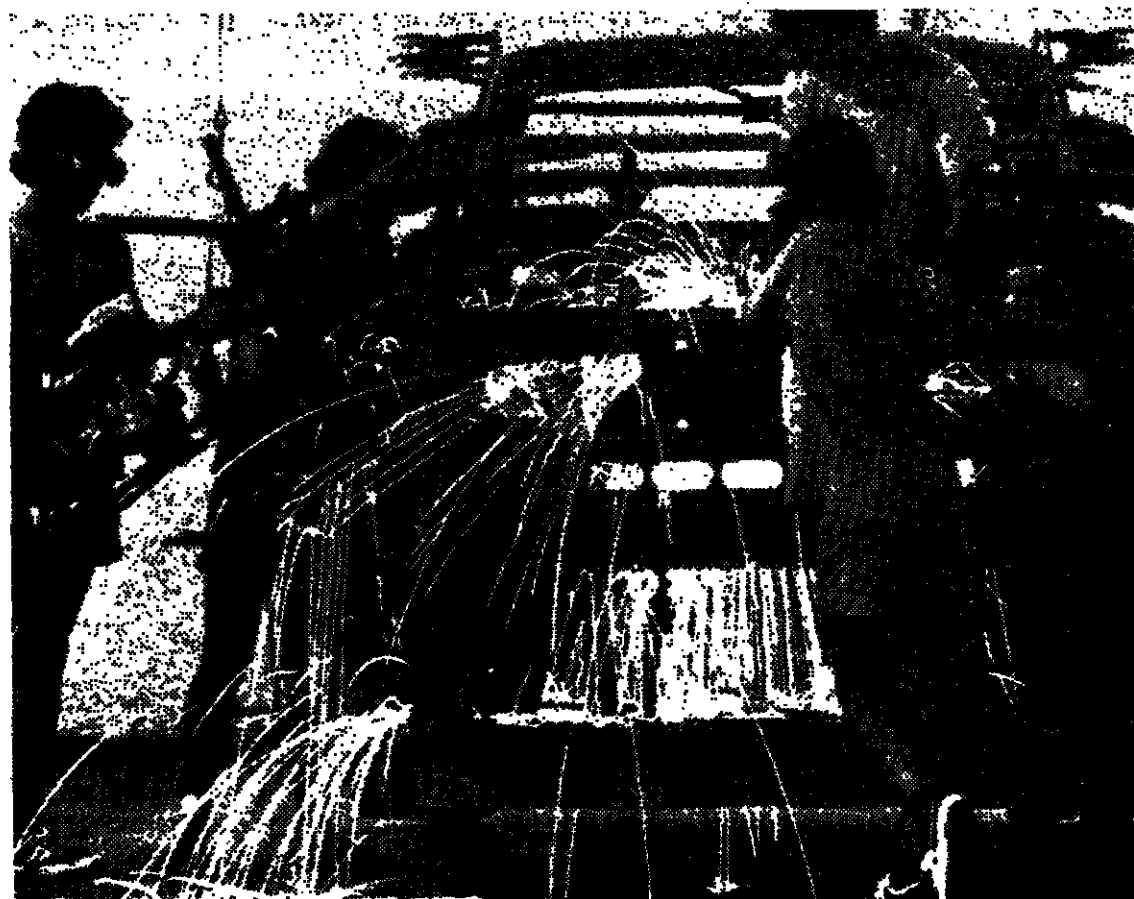
Plus, there is no limit on the equity holdings of foreign investors.

Sri Lanka offers many other advantages:

1. Political stability. With a government committed to democratic parliamentary rule.

2. A booming economy. In 1978, Sri Lanka achieved a growth rate of 8.2% in real terms, in all sections of the economy. A figure twice the average growth rate during the last decade.

3. Lowest labour rates. Sri Lanka has the most competitive labour rates in Asia. The average monthly wage in manufacturing industries is only US\$35. Compare



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your wage bill with this!

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The GCEC will leave no stone unturned to help you get started. It will help you choose the best possible location for your factory. Help you with feasibility studies, project evaluation, joint venture negotiation and business registration. Even screen job applicants for you — and then train them!

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light engineering, rubber-based products, cosmetics, pharmaceuticals, electrical appliances, precision tools, vehicle assembly, or any labour-intensive industry, Sri Lanka's Free Trade Zone is well worth a good, hard look.

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Or send off coupon below.


 To: The Investment Promotion Division, Greater Colombo Economic Commission, P.O. Box 1768, Colombo, Sri Lanka.

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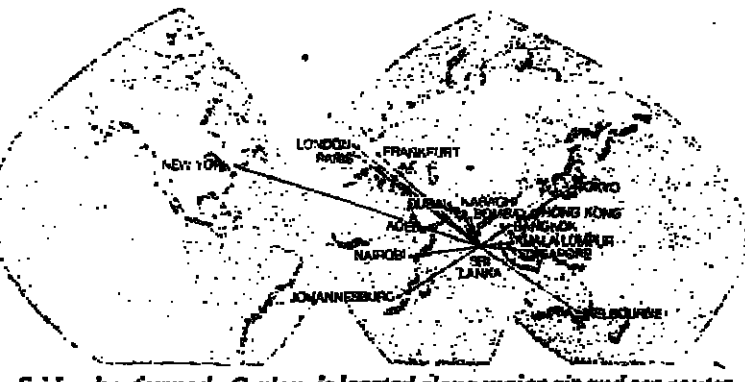
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Sri Lanka, formerly Ceylon, is located along major air and sea routes.

FIRST CANADIAN INVESTMENTS LIMITED

NOTICE of Meeting of the Holders of 10% Notes due January 1, 1981 of First Canadian Investments Limited

NOTICE IS HEREBY GIVEN that a meeting of the holders of the 10% Notes due January 1, 1981 (the "Notes") of First Canadian Investments Limited (the "Company") issued under a Trust Indenture dated as of December 1, 1975 (the "Trust Indenture") will be held at the offices of the Company at 48-50 Cannon Street, London EC4A 3DF, England, on the 22nd day of June, 1980 in the Board Room of The Royal Trust Company, 5th Floor, 630 Dorchester Boulevard West, Montreal, Quebec, Canada, for the purpose of considering and, if thought fit, passing, as an extraordinary resolution pursuant to the provisions of the Trust Indenture, a resolution for the following purposes:

A. To sanction an amendment which the Company in the interests of its business considers advisable to the Trust Indenture in order:

(i) to remove certain covenants of the Company respecting the limitation of its indebtedness, the encumbrance of assets, the restrictions on the control of its shares, the restrictions on the payment of dividends, the restrictions on the payment of interest, the limitation of mortgage investments, the restrictions on payments to Bank of Montreal, and the restrictions on investments; and

(ii) to provide for the unconditional guarantee by Bank of Montreal of the due and punctual payment by the Company of the principal of, premium, if any, interest and Tax Indemnity as defined in the Trust Indenture, if any, on the Notes and any coupons pertaining thereto.

The foregoing summary of the proposed amendments does not purport to be complete and for complete details reference is made to the proposed extraordinary resolution which may be examined during ordinary business hours at any of the offices of the depositaries mentioned below.

B. To assent to any modification of or change in or additions to or omission from the provisions contained in the Trust Indenture or in the Notes which shall be agreed by the Company and which may be contemplated by, involved in or necessary or desirable to carry out the said extraordinary resolution.

C. To authorize and direct the Trustee to execute and execute an indenture supplemental to the Trust Indenture embodying any such amendment, modification, change, addition or omission or any other deeds, documents or writings authorized by such extraordinary resolution and/or which may be necessary or desirable for giving effect to and carrying out the said extraordinary resolution and the amendments, modifications and changes embodied therein.

This notice is given at the Company's request pursuant to the provisions of the Trust Indenture to the intent that any provisions contained in the Trust Indenture, by binding upon all the holders of Notes, whether present or absent from such meeting or any adjournment thereof, and the Trustee (subject to the provisions for its indemnity contained in the Trust Indenture) shall be bound to give effect thereto accordingly, and to the further intent that in considering and/or passing any resolution, extraordinary or otherwise, such meeting may modify, amend, change, annul, cancel or rescind any of the matters and things hereinbefore specified, it being stipulated that the foregoing does not purport to specify the terms of any resolution or resolutions to be proposed at the meeting, but only to indicate the general nature of the business to be transacted thereat and in general terms the subject matter of any extraordinary resolution to be submitted thereat.

AND NOTICE IS HEREBY FURTHER GIVEN that pursuant to the Trust Indenture a resolution to be submitted thereat for the purpose of enabling the Noteholders to be present and vote at the meeting and at any adjournment thereof without producing their Notes and of enabling them to be represented and vote at such meeting by proxy and of lodging such proxies at some place or places other than the place where the meeting is to be held:

(a) Noteholders may vote in person or by proxy at the meeting or any adjournment thereof and a proxy need not be a Noteholder;

(b) The holder of a Note may deposit the same with any of the depositaries listed below which will issue a certificate of deposit in his favour, signed by or on behalf of any such depositary in form and terms satisfactory to the Trustee, or depositing such a certificate with an instrument appointing him proxy, in form and terms and as to the signature satisfactory to the Trustee, signed by the person named in such certificate, shall be entitled to be present and vote at the meeting and at any adjournment thereof. The Company will pay the reasonable charges of any such depositary accepting Notes for deposit;

(c) The deposit of such certificates of deposit and instruments of proxy may be made at the meeting or prior to the meeting at the offices of The Royal Trust Company or The Royal Trust Company of Canada or at any of the offices of the Trustee, or depositing such a certificate with an instrument appointing him proxy, in form and terms and as to the signature satisfactory to the Trustee, signed by the person named in such certificate, shall be entitled to be present and vote at the meeting and at any adjournment thereof. The Company will pay the reasonable charges of any such depositary accepting Notes for deposit;

(d) The Trustee may permit the forwarding of particulars of such certificates of deposit and instruments of proxy by letter, cable, telegram or radio before the meeting and may permit such certificates of deposit and instruments of proxy so forwarded to be voted upon as though such documents and certificates themselves were produced at the meeting;

(e) The Trustee may dispense with any such deposit and may permit Noteholders to make proof of ownership in such other manner as the Trustee and the Company may approve;

(f) A proxy should not be given in favour of the Trustee or any of its officers;

(g) Save as aforesaid the only persons who shall be recognized at the meeting as the holders of Notes or as entitled to be present and vote at the meeting in respect thereof shall be persons who produce Notes to or on behalf of the Trustee at the meeting; and

(h) Forms for the deposit of Notes, certificates of deposit, deposit receipts and proxies may be obtained by Noteholders upon application at any of the following depositaries:

The Royal Trust Company of Canada
48-50 Cannon Street
London EC4A 3DF
England

Bank of Montreal
27 Avenue Montreale
Luxembourg

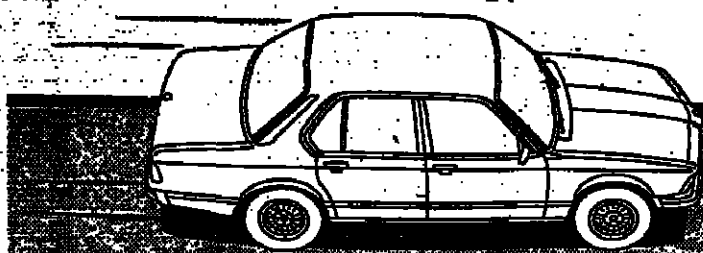
The Royal Trust Company
Corporate Trust Department
630 Dorchester Blvd. West
Montreal, Quebec H3B 1S6
Canada

The Trustee reserves the right to modify, alter, vary or amend these regulations. Copies of the Trust Indenture, the proposed extraordinary resolution to be introduced at the meeting to give effect to the said resolutions, and the Company's explanatory letter may be examined during ordinary business hours at any of the said depositaries.

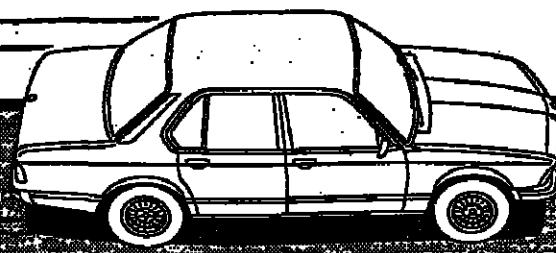
DATED at Montreal, Province of Quebec, this sixth day of May, 1980.

THE ROYAL TRUST COMPANY, Trustee

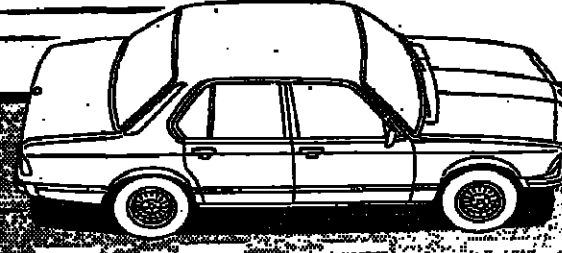
1 70 mph. It's using petrol.



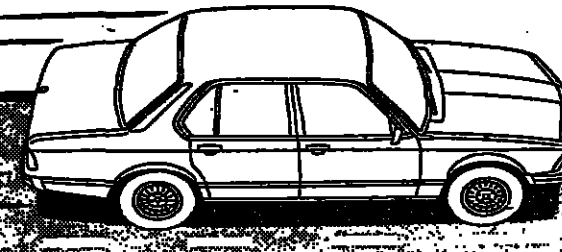
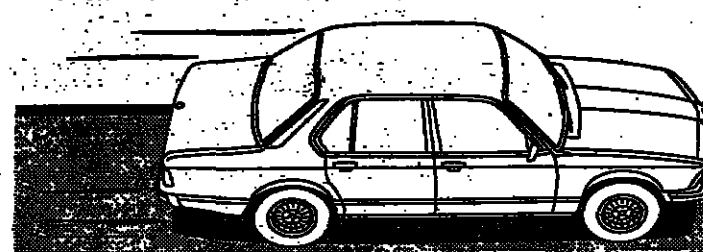
70 mph. Now it's not.



70 mph. Now it is again.



2 The engine has been tuned 100 times between A and B.



B

3 At 70 mph you can jam your foot on the brakes and still safely steer round an emergency.



It is usual for cars to go on using petrol when they slow down.
The electronic car doesn't.
Take your foot off the accelerator of any of the BMW 7 Series, even at 70 mph, and you cut off the supply of petrol to the engine.
It is usual for cars to be tuned every 10,000 miles.
The electronic car isn't.
The 732i's computer tunes the engine up to 100 times every second. The car never wastes petrol, it's easier to start and always runs smoothly.
It is usual for cars to skid if you brake hard in a tight corner.
The electronic car doesn't.
With the optional ABS anti-lock computer available in the 7 Series you can jam your foot on the brake and still steer safely—and it stops you up to 40%

sooner, even on icy roads.
There is nothing 'usual' about the BMW 7 Series. And the electronic innovations don't stop there.
4 All three cars in the 7 Series range have electronic fuel injection, as well. This cuts fuel consumption by 7% to 8% compared to an equally powerful carburettor engine.
Or, for the 10,000-miles-a-year driver, it's like going 700 miles without having to pay for any petrol.
5 Both the 732i and the 735i have the Electronic Check control.
Just press the button before you drive off and seven key functions of the car are electronically checked.
6 There's a new electro-pneumatic heating and ventilation system on all the 7 Series.
Just press a button and the system adjusts to your wishes.

(There's even a special anti-smog button to keep out the traffic fumes)
7 These are some of the 45 changes which have advanced the cars in the new BMW 7 Series even further.
Drive any one of them and be prepared to question all your preconceived notions about the luxury motorcar.

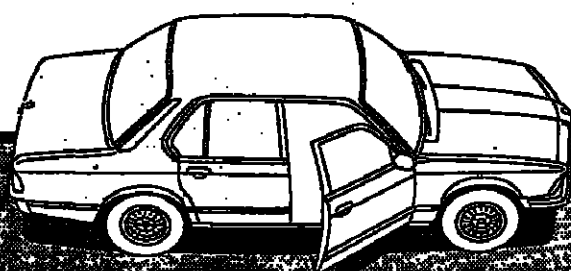
To: Marketing Department, BMW (GB) Ltd, Ellesfield Avenue, Bracknell, Berkshire RG12 4TA.
Please send me your Electronic Information Data on the BMW 7 Series ☐ and details of the 3 Series ☐ 5 Series ☐ 6 Series ☐

Name _____
Address _____



THE ULTIMATE DRIVING MACHINE

YOU HAVE BEEN READING ABOUT THE WORLD'S FIRST ELECTRONIC CAR, THE BMW 7 SERIES. YOU ARE NOW INVITED TO DRIVE IT.



UK NEWS

Output of cars still at low level

By Kenneth Gooding, Motor Industry Correspondent

CAR PRODUCTION in the UK remained fairly low in April—mainly because of the disruptions at BL plants after imposition of the pay and productivity package. Output was 32,000, seasonally adjusted, according to Department of Industry figures. This was better than 27,000 for March, but well below 102,000 in April 1979 and the 89,000 monthly average for last year. Commercial vehicle output was also relatively low last month. The industry still had to recover from the impact of the steel dispute on the supply of components. Order books were on the decline in April, although registrations—which follow some months behind sales because body building takes time—continued buoyant. Commercial vehicle output was 33,400, seasonally adjusted, against 32,800 in March, and 41,900 in April 1979. For 1979 average monthly output was 34,000.

Sharp rise in imports of petrochemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE PERFORMANCE of the UK petrochemicals industry "gives cause for very serious concern," says the latest report of the Petrochemicals Sector Working Party.

The report, which was published yesterday by the National Economic Development Office, discloses that the UK's petrochemicals trade surplus slumped from £113m in 1978 to only £3m in the first half of last year. There was a "very marked decline in performance with the sector barely maintaining a positive balance."

The working party, set up by the last Labour Government as part of its industrial strategy, says imports of many petrochemicals are rising substantially, while Britain's share of Western European production is falling in a number of key areas.

Progress to meeting some of the working party's targets set last year has "not merely slowed, but has actually reversed," says the report.

"Imports from European Economic Community partners in the first half of 1979 show a 55 per cent increase on the corresponding period in 1978."

"Exports to EEC partners fell to only 43 per cent of the imports from these countries in 1978, and a similar figure is expected for 1979."

Last year the working party decided to aim at increasing UK petrochemical exports to

the EEC to at least 75 per cent of imports from the Common Market. The deadline was to have been 1980 and this was felt to be an "ambitious but realistic target."

Another of the working party's targets was to increase the UK's share of Western European production of ethylene, the so-called building block of the chemical industry which is used in the making of a wide range of items including plastics, propylene and benzene.

Plastics study

But the report says the UK's share of Western European ethylene production "fell considerably" in 1977 and went on falling throughout 1978 and the first half of 1979. The UK share of propylene production also dropped, as had that of benzene.

It warns that unless the UK's plastics material trading position improves soon, "the effects to the UK economy in general will be severe."

The report adds that the National Economic Development Office is currently carrying out a study into the competitiveness of UK plastic material producers.

The working party hopes to use the findings from the study to formulate recommendations for improving the UK's performance.

The working party calls for North Sea oil and gas to be exploited as petrochemical feedstock. But it warns that action must be taken as soon as possible.

"The availability of North Sea hydrocarbons, not least gas liquids, provides an unparalleled opportunity for expansion of UK petrochemicals."

If these opportunities have not been grasped within a short period, probably of less than 24 months, the working party believes there may well be accelerating decline in the relative strength of the sector."

A new sector working party called the Informatics Committee has been set up by the National Economic Development Council. It will cover the computers, telecommunications and office machinery industries.

The council has scrapped committees covering fluid power and industrial trucks, and has merged two concerned with electronics. This completes the review of the committees started by Government last year.

Tough line on rogue credit traders

THE OFFICE of Fair Trading is taking a new tough line with rogue traders offering credit facilities for consumers. In the six months ending last February, the Office has refused or withdrawn credit licences from 31 credit traders.

During the same period it warned 48 applicants for licences and 32 existing holders that their licences might be refused or revoked because of their past trading records.

The tough line has been taken because of a feeling that all genuine credit traders should now be aware of the licensing procedures which have been in force for four years.

Mr. Gordon Barrie, director general of Fair Trading, said yesterday that the comprehensive licensing procedure protected "consumers by weeding out credit traders who have treated customers unfairly."

Funds 'shortage'

British industry's record in developing new products has been described as "patchy" and has suffered from a shortage of funds, according to a British Institute of Management survey published yesterday.

Government involvement or trade union restraint on new products was viewed as a major factor in preventing the development of new products.

Flood scheme study

A proposed £7m flood control barrier scheme for the Yare basin in East Angles could have a severe negative effect on the "existing distinctive character and quality" of the Norfolk Broads environment, according to a report prepared for the Broads Authority.

The study, by the University of East Anglia and Trans Econ, of Norwich, says security from floods would encourage farmers and landowners to drain and develop presently unusable land for other agricultural purposes. This would upset the environmental and ecological balance.

Merseyside report

A gloomy picture for Merseyside in 1979 given by Mr. Richard Zouche, chairman of the Merseyside Chamber of Commerce and Industry in his annual report.

The region, he said, was often affected by problems not of its own making, including the increased impact of the world-wide recession.

Lakes inquiry ends

The marathon controversial Lakes inquiry at Whitehaven civic hall ends today after almost four months. The inquiry became a private battle between the Northwest Water Authority, who wanted to raise the level of Lake Ennerdale for use in industrial west Cumbria, and British Nuclear Fuels who wanted to extract more water from Wastwater for use at Windscale.

Wales seminar

The regeneration of the Welsh economy in the wake of the massive job losses in the steel industry will be examined at a seminar in Cardiff today organised by the Wales CBI. About 100 senior managers from business and industry throughout Wales are due to take part.

Time limit rule

The rule that time limits within which claims may be brought to an English court are always governed by English law, even if the contract on which the claim is based is governed by foreign law, should be changed according to a Law Commission Working Paper.

CBI and TUC talks

THE CONFEDERATION of British Industry and the Trades Union Congress have agreed to arrange talks on Britain's economic problems and the battle against inflation.

Pearson Longman makes TV bid

BY JAMES McDONALD

THE DEADLINE for submitting applications for new television franchises to the Independent Broadcasting Authority is noon today.

Pearson Longman, the book and newspaper publishing group of which the Financial Times is a member, is applying for a licence for a new television broadcasting service.

Pearson Longman is backing a team that will be chaired by Christopher Chataway. Mr. Chataway was Minister of Posts and Telecommunications in the Heath Government between 1969 and 1972, and formerly a staff member of ITN and a current affairs commentator for BBC Television.

The team includes Elizabeth Calder, editorial director of Jonathan Cape; Bernard Donoghue, senior policy adviser to the Prime Minister, 1974-1978; and development director of the Economist Intelligence Unit; John Fairley, head of news and current affairs, Yorkshire Television, who produced Radio 4's Today programme when Jack de Majo was anchor-man; Jimmy Gordon, managing director of Radio Clyde; Jeremy Hardie, partner in Dixon, Wilson and Company, accountants; James Lee, deputy chairman of Pearson Longman; and Richard Price, principal of Richard Price Television Associates, an international programme-selling and co-production organisation.

It is intended to produce programmes with five objectives: a distinct and independent news and current affairs service; a comprehensive information service, services on Saturday and Sunday of "special value" — educational as well as entertaining, with appeal to children; a range of original features; and a growing regional input to programming.

Pearson Longman will be the leading shareholder, with 20 per cent of the equity.

The IBA is not announcing the list of applicants for new franchises until later today but it is believed that by last night no application for breakfast TV had been received.

Vacuum cleaner makers seek inquiry on dumping

BY ELAINE WILLIAMS

A SHARP increase in imports of low-priced East European vacuum cleaners has brought claims of dumping from UK domestic appliance manufacturers. They want an EEC investigation.

In January and February 29,000 of the cleaners were imported from East Europe, compared with 3,200 in the same period last year.

They are imported from Poland and East Germany at a cost to retailers of £16, which UK makers claim can barely cover the cost of manufacture.

For British companies, the vacuum sector is one of the few strongholds left in the domestic appliance market, with washing machines and refrigerators now dominated by Italian makers.

In the early part of this year vacuum cleaner imports leapt to 30 per cent of the total UK market compared with 22 per cent in 1979 and 14 per cent up to 1978. The startling rise has two causes, the British makers say.

Industrial action in 1974 pre-

vented them from making enough cleaners to satisfy domestic demand, which is running at 2m machines a year. The strong pound has also helped importers to sell into the UK. Countries such as Hong Kong, the U.S., France and Switzerland have benefited as well as East European states.

But the East European manufacturers worry the industry most because in the past year they have increased their share of total imports from almost nothing to nearly 15 per cent.

Mr. John Redman, chief executive of Electrolux and a member of the National Economic Development Council working party which covers vacuum cleaners, said that East European machines could not be economically priced if the cost of labour and shipping were taken into account.

In the first two months of 1980 Poland, whose main brand name is Zelmer, shipped more than 21,000 cleaners to the UK. This makes it the third largest importer after Hong Kong and

France, and compares with 13,000 imported in 1979 and 1,000 in 1977, from total imports to the UK of more than 440,000.

East German imports have shown a similar pattern although they are still low in the import ratings for early 1980, with only 5,200 cleaners delivered so far. In 1979, however, East Germany exported more than 22,000 into the UK.

However, the UK's largest manufacturer of vacuum cleaners, which also exports 45 per cent of its production, hopes that now production by domestic manufacturers is back to pre-strike levels, customers will opt for a British machine.

The company has only just recovered from the effects of last year's disruption, which caused its pre-tax profits to drop from £3.44m to £1.86m.

In contrast Electrolux retained its share of the cleaner market, selling about 35 per cent of its 1m production overseas. It had record profits on its UK operations of £13.87m.

U.S. rivals in Appeal Court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A 10-YEAR legal battle between Dr. Armand Hammer's Occidental Petroleum Corporation and Buttes Gas and Oil over a Gulf concession in the Appeal Court yesterday.

Both companies appealed against orders made by a High Court judge at a private hearing last July about documents that Occidental wants produced in the action.

Mr. Mark Littman, QC, for Occidental, said the battle had begun after Occidental found oil in an area where it had been granted a concession in 1969.

Buttes had a concession in the neighbouring state of Sharjah. Occidental alleged that the ruler of Sharjah had issued a false and fraudulent decree purporting to extend his oil concession to the Gulf.

Occidental also alleged that Buttes had been involved in the fraud, which Buttes denied.

Mr. Littman said Occidental had brought hundreds of actions in the U.S. courts—some in respect of each concession of oil brought in by Buttes from the disputed area.

Last year there had been two hearings before the Supreme Court. In the first the court ruled that it could not entertain Occidental's claim because it would have involved inquiring into the political affairs of another sovereign state, which was forbidden by the Act of State doctrine. In the second, Occidental's claim was summarily dismissed.

In 1970, in a London hotel, Dr. Hammer had made certain accusations against Buttes, which resulted in Buttes suing him and Occidental for slander. That had given Occidental the opportunity to raise the issue in the English court, and it had issued a counter-claim for damages for alleged conspiracy to defraud and libel.

The English action had been brought after the Supreme Court decisions established that the dispute could not be aired in the U.S. courts.

Last July the High Court upheld a claim by Buttes that certain documents Occidental wanted produced were covered by legal professional privilege. The judge held that, although the lawyers concerned had been advising the ruler of Sharjah, the privilege extends to Buttes because it had a common interest with the ruler.

Court decisions established that the dispute could not be aired in the U.S. courts.

Last July the High Court upheld a claim by Buttes that certain documents Occidental wanted produced were covered by legal professional privilege. The judge held that, although the lawyers concerned had been advising the ruler of Sharjah, the privilege extends to Buttes because it had a common interest with the ruler.

The judge also held that to defeat the privilege claim Occidental had to do more than merely allege fraud; it had to establish a *prima facie* case of fraud, and failed to do so.

Occidental appealed against that ruling. Buttes appealed against a ruling that other documents were not, as Buttes contended, covered by foreign state immunity. The judge held that no such doctrine was known to English law.

The Appeal Court hearing, expected to last five days, continues today.



Transvaal Consolidated Land and Exploration Company Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

INTERIM REPORT FOR THE HALF-YEAR ENDED 31st MARCH, 1980

The unaudited consolidated results of Transvaal Consolidated Land and Exploration Company, Limited ("TCL") and its subsidiaries for the half-year ended 31st March, 1980, together with those for the comparable period last year and the audited results for the year ended 30th September, 1979, are as follows:

	Notes	Half-year ended 31st March 1980 (R'000's)	Half-year ended 31st March 1979 (R'000's)	Year ended 30th Sept. 1979 (R'000's)
Turnover	1	129 789	75 044	307 420
Consolidated profit before taxation		44 864	37 809	65 565
Taxation		14 857	10 252	23 780
— Normal		9 939	6 199	15 179
— Deferred		4 918	4 153	7 601
Consolidated profit after taxation	2	30 007	17 457	42 785
Less: Profit attributable to minorities in subsidiary companies		4 486	4 025	8 455
Interest of members of TCL		25 521	13 432	34 330
Shares in issue		7 304 638	7 304 638	7 304 638
Earnings per share		340c	184c	470c
Dividends per share		65c	42c	135c

NOTES

- Turnover is the revenue derived from sales of asbestos, chrome, coal, fluorspar and timber by subsidiary companies. The increase in turnover for the half-year over that for the comparable period last year arises from the inclusion of revenue from asbestos and fluorspar sales and an improvement in revenue from coal sales.
- Consolidated profit after taxation includes R744 000, equivalent to 10 cents per share, in respect of investment realisation for the half-year (nil for the comparable period last year). Investment realisation for the year ended 30th September, 1979, amounted to R227 000, equivalent to 7 cents per share.

SUBSIDIARY COMPANIES

During the half-year, TCL acquired the entire issued capital of Marico Fluorspar (Proprietary) Limited, which owns and operates a fluorspar mine near Zeerust, Transvaal.

INTERIM DIVIDEND

An interim dividend of 65 cents (1979: 42 cents) per share has been declared in terms of the dividend notice set out below.

PROFIT AND DIVIDEND PROSPECTS

In the second half of the year, the profit attributable to members of TCL should be of the same order as that for the first half. A final dividend of at least 125 cents (1979: 93 cents) per share may be expected in the absence of unforeseen circumstances, making a total dividend for the year of not less than 190 cents (1979: 135 cents) per share.

LISTED INVESTMENTS

The values of the group's listed investments (market values being based on prices ruling on The Johannesburg Stock Exchange) were as follows at:

	31st March 1980 (R'000's)	31st March 1979 (R'000's)	30th Sept. 1979 (R'000's)
Listed investments			
—market value	127 172	69 269	74 984
—book value	13 223	13 256	12 681
Investments in listed subsidiaries not included above			
—market value	227 945	184 038	202 860

PROPOSED CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure during the half-year amounted to R37.5 million. Capital expenditure commitments contracted for amount to R33 million. Capital expenditure for the remainder of the financial year is estimated at R26 million.

For and on behalf of the board,

A. C. Petersen (Chairman) A. A. Sealey Directors

Johannesburg 8th May, 1980.

DECLARATION OF DIVIDEND NO. 81

NOTICE IS HEREBY GIVEN that dividend No. 81 of 65 cents per share has been declared in South African currency, as an interim dividend in respect of the year ending 30th September, 1980, payable to members registered in the books of the company at the close of business on 23rd May, 1980, and to persons presenting the appropriate certificate (No. 82) detached from a share warrant to bearer. The dividend on a share warrant to bearer will be paid in terms of a further notice to be published by the company's United Kingdom Secretaries on 30th May, 1980. The register of members will be closed from 24th May to 1st June, 1980, inclusive, and dividend warrants will be posted on or about 3rd July, 1980.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom Registers and Transfer Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 24th May, 1980, on which foreign currency dealings are transacted. Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the offices of the company in Johannesburg or in the United Kingdom.

By order of the Board,
RAND MINES, LIMITED,
Secretaries,
per V. M. Merton

Registered Office:
15th Floor,
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Johannesburg 2001
(P.O. Box 62370, Marshalltown 2107).

United Kingdom Secretaries:
THE CONFEDERATION of
British Industry and the Trades
Union Congress have agreed to
arrange talks on Britain's
economic problems and the
battle against inflation.

8th May, 1980.

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Yet it's just as warm and friendly as Amsterdam herself. The Amsterdam Marriott is your favourite 5-star hotel, putting you right in the centre of it all. Business, entertainment, shopping, sightseeing, all within walking distance of our front doorstep, the busy Leidseplein.

400 Luxurious rooms, with baths to match. Where you can watch closed circuit colour TV showing free films each day. You control your own room temperature. Help yourself from your minibar. Call on room service 24 hours a day.

Better yet, join the good company in one of our bars or restaurants. The heated terrace overlooks the Leidseplein. There's dinner by candlelight...and nightlife into the wee, small hours. Come be our guest...in the heart of Amsterdam.



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Aggregates Ready-mixed concrete Waste disposal Insurance Road haulage Builders' merchants Leisure

Significant recovery follows disrupted first-half

Highlights of 1979

- Revaluation of UK properties increases value by £18 million
- Diversification complements our traditional activities
- Return from American investment affected by U.S. recession.
- Dividend increased by 20%.

Results in brief

Year to 31st December	1979	1978
Turnover	£61,671	£45,582
Trading surplus	9,562	7,396
Profit before taxation	3,810	4,860
Profit after taxation	2,282	2,285
Earnings per share	11.88p	12.19p
Dividend per share	2.79p	2.32p

The 1979 annual report will be posted to shareholders on 2nd June 1980 and the annual general meeting will be held on 26th June 1980. Final dividend payable on 4th July 1980 to shareholders on the register at close of business on 6th June 1980.



HOVERINGHAM

Gaming Board warns casinos over licences

BY MICHAEL THOMPSON-NOEL

A NEW, abrasive attitude to casino gaming in Britain was spelled out yesterday by the Gaming Board, which warned the casino industry new licences might not be issued merely to replace London gaming rooms closed after recent gambling scandals.

With the additional taxes on casino gaming announced in the Budget, the Gaming Board's stance marks the end of an era of boom-like growth in the UK casino business.

In its latest report the board expresses "disquiet" about the casino industry, and says gaming facilities in London may well have been "over-

provided" when there had been reduced demand.

"It looks as though some of the alleged breaches of the law may have arisen from casinos competing with one another to attract the small number of high-stake players frequenting London casinos at a time when a strong pound, and other considerations, may have made London less attractive to Americans and Arabs, and when the events in Iran have created difficulties for Iranian gamblers," it says.

Potential applicants for new casino licences may be wrong to assume that new applications for licences would not be

opposed, merely because they sought to replace those granted to closed casinos, the board says.

It was concerned at the number of irregularities that had accrued, and cited the following instances:

Charges under the Theft and Gaming Acts brought against people connected with the Victoria Sporting Club; Successful police objection to renewal of licences for three casinos of Ladbrooke, the Ladbrooke subsidiary, and Hyde Park Casinos, following disclosures of methods used to entice wealthy gamblers to become members;

The charging of 22 people with various criminal offences after police and Gaming Board inspectors had entered four London casinos operated by the Coral Leisure Group.

The board expresses concern that casinos could be sold even when owners were under threat of legal proceedings. It is also worried about the way in which control could be affected by changes in shareholding.

The board reports a further decline in the number of bingo clubs — from 1,599 in 1978 to 1,583 in 1979. Over the same period, bingo stakes rose from £36m to £40.5m. In the year to last March, there were 176,000 gaming machines in operation in Britain.

THE UK's traditional balance of payments surplus on invisibles transactions with the rest of the world is shrinking fast. It could disappear altogether within a few years.

This is partly because of the impact of rising North Sea oil revenues.

This tentative conclusion is drawn from the trend of last year's balance of payments. It is causing concern at the Bank of England.

The figures, subject to revision, show a big drop in the invisibles surplus, from £2.4bn in 1978 to £875m, the lowest since the early 1970s. It could drop further this year.

Precisely what will happen this year is impossible to say. In particular, one large and increasingly negative item in the invisibles balance, Britain's net contribution to the EEC budget, is still up for negotiation, with the outcome well beyond the forecasting range of mere economists. Government statisticians say however that if present trends continue it would not be surprising within the next few years if Britain found itself in deficit on invisible transactions for the first time since 1947.

This would be a considerable break with tradition. Apart from the immediate post-war years and during World War II itself, when no balance of payments figures were published, Britain has earned a surplus on

invisibles in every year since record-keeping started, in Queen Victoria's reign.

The invisibles surplus has proved of great benefit in offsetting deficits in visible trade and so bolstering Britain's current account position during the balance of payments crisis of the 1960s and 1970s.

The current account — the sum of visible and invisible trade transactions — has been in the red in about one year in two in the past 20 years.

Revealing

With Britain now almost self-sufficient in oil, it could be said the country no longer needs a permanent surplus in invisibles. But it is revealing that one important factor behind the shrinking of the invisibles surplus — the high value of the pound, a direct result of North Sea oil — has also contributed substantially to deterioration in Britain's trade balance in manufactured goods.

Just as Britain is freeing itself of the oil deficit imposed on most other industrialised countries, it may have to shoulder a new burden caused by a shortfall in invisibles.

The invisibles balance comprises three components, each the sum of large credits and debits. These are the net surplus on services, interest, profits and dividends; and transfers by the Government and

private sector.

● The net surplus on services, whose main components are shipping, civil aviation, travel and financial services, has remained constant at about £3bn in the past three years. There seems little prospect for the further steady growth that had once been hoped for.

The healthy surplus generated from financial services—banking, insurance, commodity trading, brokerage etc, mainly carried out in the City of London—seems fairly buoyant. There may be some longer-term decline in the importance of London as a financial centre if UK inflation, plus the effect of the strong pound, continues to push up costs. But this does not appear to be the case at the moment.

Britain's surplus from overseas travel is, however, dropping, as more Britons take holidays abroad and tourist spending in this country levels off. This is another result of the rise in value of the pound, which cheapens foreign holidays, just as it makes Britain more expensive for foreigners.

● Interest, profits and dividends. This was the area from which Britain for decades was used to reaping rich rewards as companies repatriated profits from foreign investment. But the surplus declined to £200m last year from £1bn in 1978, largely owing to increased

profits remitted back to their parents by foreign-owned oil companies operating in the North Sea.

As North Sea production (and, of course, the visible trade benefit to the UK's oil balance) has built up, the offshore oil companies have become much more profitable than UK companies operating overseas.

Along with the steady build-up in profits remitted home, interest payments are also rising on the foreign loans taken out to finance oil exploration and development earlier this decade. The Bank of England estimates that oil IPD payments overseas, which totalled only about £500m in 1978, may rise to £2bn this year.

Worsening

A second factor working towards a worsening of the overall IPD balance is that net earnings by UK banks on their Eurocurrency business has been declining sharply.

In the final quarter of last year, banks' borrowing and lending operations in foreign currencies showed a net deficit of £76m, for the first time since the early years of the Eurocurrency market back in the 1960s.

Normally the banks make a sizeable net surplus by borrowing from abroad and on-lending to an overseas borrower at a

higher interest rate. But at the end of last year UK banks appeared to be taking in money from overseas to lend to UK customers, resulting in a net outflow of interest payments.

● Transfers, by Government and the private sector. Here worsening in the traditional deficit has been particularly marked in recent years as a result of Britain's growing net contributions to the EEC.

The deficit climbed to £2.4bn last year, from £1.9bn in 1978, and only about £200m before Britain joined the EEC in 1973. There has also been an increase in economic grants made overseas as part of the development aid programme, as well as a probably non-recurring upsurge of around £50m in cash transfers by individuals reacting to last October's abolition of exchange controls.

The primary importance of Britain's large net EEC contribution, projected at £1.2bn this year, is as a drain on public spending rather than a large debit item on the balance of payments.

Unfortunately for Mrs. Thatcher, many of Britain's EEC partners view the question mainly in balance of payments terms. They see no reason why a country beginning to generate a surplus on its oil should not now, after more than a century of relying on foreign earnings, start to run into the red on invisibles.

New barytes plant for Derbyshire

BY PAUL CHEESERIGHT

THE centuries-old mineral industry of Derbyshire will soon be given a fillip by the construction of a new plant to process barytes, an industrial mud widely used in the oil and gas drilling industry.

More than £1m will be invested in the plant by SPO Minerals, a new company established by Mr. Robert L. Sprinkel, an American entrepreneur now resident in Derbyshire.

The plant will be built just outside the Peak District National Park, at Hopton and near a fluor spar mine run by Dresser Industries. Planning permission has been given.

Ore will be transported to the new plant from deposits in the area, some of which are owned by SPO Minerals. Others are owned independently but under contract to SPO.

Some material will come from the waste dumps of old mines, which have been worked successfully for lead, zinc and fluor-

spar. The barytes in these deposits have been made economic by the firm demand created by the international expansion of the oil and gas drilling industry, particularly in the North Sea.

UK production of barytes is about 50,000 tonnes a year, but imports of about 8,000 tonnes, mainly from Ireland and Morocco, are needed to satisfy local demand.

SPO is hoping to undercut import prices — a large part of the cost of barytes results from freight charges — and to establish a position on the domestic market with an annual production of more than 15,000 tonnes.

This venture is Mr. Sprinkel's third in the UK mineral industry. He worked out the plan which brought Dresser Industries to mine fluor spar in the Peak District, and he managed to engage the support of Rio Tinto-Zinc for the rescue of the Wheal Jane mine in Cornwall.

Distillers' workers may go on short time

By Gareth Griffiths

THE Distillers Company, which controls half the Scotch whisky industry, is discussing possible short time working at several bottling plants in Scotland.

Distillers has told trade union representatives it cannot guarantee a 40-hour week for the 3,500 workers involved. Most are women and include a big proportion of part-timers.

The company said yesterday the decision was caused by a high level of stocks held by consumers and the general economic recession. The company exports between 50 and 90 per cent of its whisky and its share of the UK home market has fallen to about a fifth.

The companies affected are James Buchanan, Haig and Sanderson.

The bottling services plant at Leven Fife is also to introduce short-time working. Talks between local management and the Transport and General Workers' Union and the General and Municipal Workers' Union are to take place this week.

Exports in March fell by 19 per cent and the outlook for the rest of the year is gloomy.

The industry is likely to receive a cash refund of £42m to £44m from the EEC Commission in the autumn to compensate for higher prices for EEC barley used in malt and blended Scotch whisky.

The Customs and Excise want to change the 100-year-old method of assessing duty on beer. It has issued a consultative document suggesting duty should be levied on the specific gravity of the finished product instead of during an earlier production stage.

Barclays to lower free banking limit to £50

By Tim Dickson

BARCLAYS BANK said yesterday that next month it will reduce the minimum balance needed for automatic free banking from £100 to £50. The move brings it into line with the National Westminster Bank, Midland Bank and Williams and Glyn's. At Lloyd's the balance necessary to avoid charges is still £100.

Barclays also promised to freeze personal accounts the cheques among the cleavers, until the end of 1980. The charge for withdrawals was last increased from 10p to 15p in September 1978, to take effect at the beginning of last year.

The fee compares with the 17p charged at Lloyds and the 15p at Midland and National Westminster. Barclays said the decision to reduce the minimum balance for free banking was a "marketing ploy" to emphasise that the bank's charges were the cheapest of the big four clearers.

Barclays only charges about 950,000 of its customers (about 22 per cent) for withdrawals because the rest either qualify for free banking covered by the notional allowance—currently 14 per cent at Barclays—while all clearing banks give for money left in the current account.

Mr. Brian Pearce, a Barclays general manager, said that because of the benefit from high interest rates "we feel we can guarantee that those personal customers who pay bank charges will not face an increase in the tariff in 1980."

Claret makes top price in John Arlott auction

BY EDMUND PENNING-ROWSELL

CHRISTIE'S WINE sale catalogues more often disclose the origin of sellers than the names of buyers.

But with the sale yesterday of 300 dozen bottles from the Hampshire cellar of John Arlott, the distinguished cricket commentator and well-known wine writer who is emigrating to the Channel Islands, his name on the cover brought a larger number of private buyers into the saleroom than usual. These bought a big proportion of the many mixed lots.

As might be expected, the wines were nearly all from post-war vintages, although nine dozen assorted Burgundies from the Dr. Baillot of largely inter-war vintages brought £2,190. Otherwise, claret predominated and the top price of £380 was given for a magnum of Petrus St. while that chateau's '68 brought £680, a dozen, the '67 £320 and the '78 £430.

Other leading prices, firm but not exceptional, included £240

for a dozen Latour '70, £230 for Mouton Rothschild '70 and £220 for Lafite '70.

The sale total was £29,315, 93 per cent sold.

Anthony Thorneycroft writes: Christie's yesterday completed a two-day coin sale which totalled £182,886. The top price was the £10,000 paid on Wednesday by Bord, the London dealer, for a Victorian £5 "Una and the Lion" piece of 1839, of which only 400 are known. Another rare coin, an 1848 proof florin, of which 18 examples are known, was bought yesterday by Bord for £2,100.

In a Warwick and Warwick auction to coincide with the International Stamp Exhibition in London, a used 1895 6d violet doubly-printed West Australia stamp, made £10,000 and a similar £6,000.

Sotheby's continued its sales in Zurich with an auction of keys and metalwork which totalled £92,328, three times forecast.

Guardian Royal Exchange Assurance

"1979...in a very difficult year our earnings per share are only slightly below the record results achieved in 1978"

From the Statement of J.E.H. Collins, MBE, DSC, Chairman

The most important development for the Group occurred as the year ended when we acquired the Midwestern Fidelity Corporation, an insurance group writing most classes of short-term business. This company is based in Ohio and, with our other American interests, has established the United States as a territory of major importance to us. The past record of the company has been excellent and the management are remaining with the Group. We look forward to opportunities of mutual assistance in increasing profitability.

Results and Dividends

The summary of results shows that in a very difficult year for insurance companies we have fallen short of our hopes of bettering the record results achieved in 1978. Nevertheless, despite abnormally severe weather in the northern hemisphere both early and late in the year and results in France and Canada declining to a greater extent than we had anticipated, our earnings per share are only slightly below those of 1978. Investment income and life profits performed fully to our expectations, the reduction in the latter being due to the exceptional profit of £1.9m in 1978 arising out of the vesting of part of the terminal bonus distribution in the United Kingdom.

The effect of exchange rate fluctuation was to reduce premium income by £33.3m and investment income by £7m but short-term underwriting was little affected.

The Directors have recommended the payment of a final dividend which, with the interim payment made in January 1980, will constitute an increase of 16.4% compared with the dividend paid in respect of the year 1978. After payment of these dividends retained profits have increased by £23.6m.

United Kingdom

We achieved very satisfactory growth but severe weather in the early part of the year and in December

cost the account over £4m. Also, the effect of the Government's sharp increase in value added tax as part of their restructuring of the nation's taxes was very expensive to the insurance industry as it affected not only claims arising after the date of the change, but also claims which were awaiting settlement at that date. The attendant acceleration in the rate of inflation was reflected in the Group's salary bill in the latter half of the year. Despite these difficulties the Accident department contributed an excellent profit, but the Fire and the Motor departments incurred losses. In the case of the latter, the claims frequency rose for the third year running and we have again found it necessary to increase premiums from 1st May 1980.

The difficulties which have beset the marine market in recent years, arising from over-capacity and excessive competition, were further compounded in 1979 by a dramatic rise in the volume of tonnage totally lost, which exceeded that of the previous year by no less than 64%.

Other Territories

Arising out of our remedial measures in Germany and helped by an increase in motor rates there have been signs of recovery though underwriting conditions remain very difficult. Further improvement will only be attained if more responsible attitudes emerge in the market and, as regards personal lines, if further increases in rates can be obtained.

In Canada results bore up well until the last quarter but a substantial decline then occurred. The outlook for the coming year is most discouraging with an all too rapid return to depressed rates and irrational competition.

As I mentioned last year, the level of competition in Australia is very worrying but the results we achieved remain good in relation to market conditions. We were again assisted by profits from the Marine department and from Papua New Guinea.

Our results in the United States have benefited by the inclusion for the first time of Fidelity Inc. In view of the continued growth the profits achieved can be considered very satisfactory and we look forward to 1980 when they will be enhanced by those of Midwestern Fidelity Corporation.

The most disappointing aspect was the serious deterioration in France. There were further areas of difficulty in Liberia, the Republic of Ireland, Spain and the West Indies, where hurricane David cost £1.5m. We achieved very good results in Brazil, Kenya, Malaysia and South Africa.

Life

Once again I am pleased to report substantial growth in the overall volume of new business written: new annual premiums increased by 16%.

The return on the investments of the Guardian Life Fund continued to rise, and experience in other respects was generally satisfactory. As a result, and in spite of our concern at the impact of inflation on our current and future expense levels, it proved possible again to increase rates of declared bonus for all participating policies on the United Kingdom register and for certain policies on the overseas registers. For most United Kingdom policies this was the fifth successive year in which declared bonus rates had been increased, and on a comparable basis a satisfactory increase in profits was obtained.

The new linked contracts written by GRE Linked Life Assurance Limited have been welcomed in the market and the funds under this management exceeded £3m at the end of 1979. New specialist funds were also introduced by GRE Pensions Management Limited in October 1979 to enhance our product range and increase our prospects for growth in the pensions market. We have launched in recent weeks important new products in the fields of pension provision for the self-employed and protection for dependants.

Staff

During the year inflation, exacerbated by the oil crisis, has contributed to the demands made upon our staff worldwide. In particular this factor, combined with increasing competition and the necessary managerial actions taken to combat these problems, has resulted in considerable pressure on staff. New technologies present challenges which I am sure will be met and turned to advantage. The continued efforts of all staff in such difficult circumstances are recognised and appreciated.

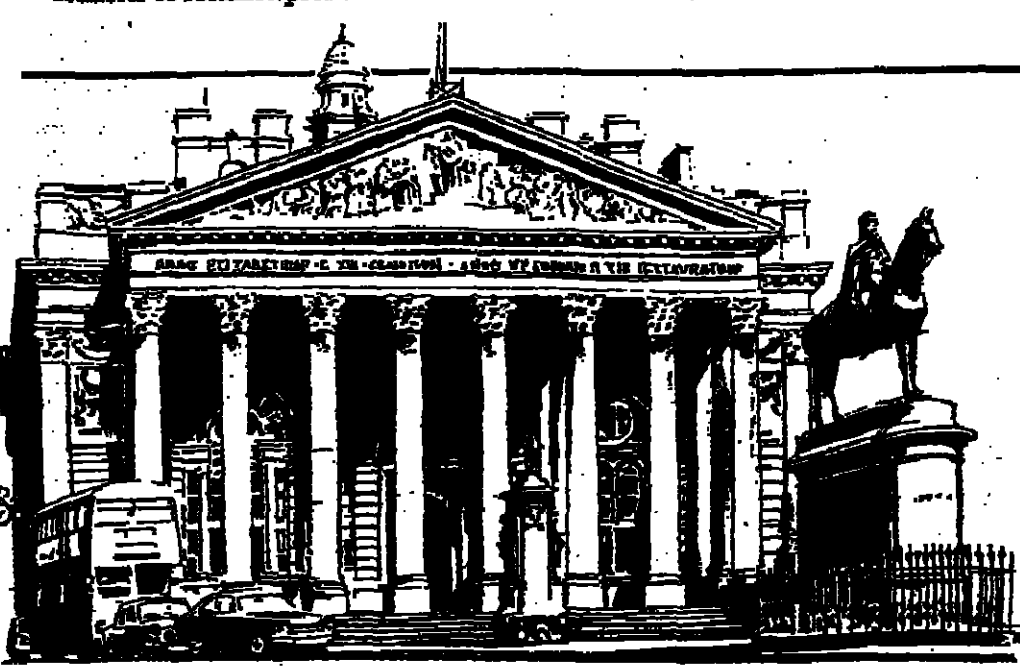
Prospects

In the United Kingdom, where the business is so important to us, there are hopes of improvement if we can manage to overcome the pressure of inflation both on expenses and on cost of claims. We have certainly had a much milder winter than in the early part of 1979 and we will not have to bear a similar arbitrary burden to the sharp increase in value added tax applied in 1979. On the other hand, we shall require to meet a much higher salary cost in 1980 and increases in premium to meet higher outgo are subject to some delay before being fully earned in the revenue account.

Elsewhere we look for higher profits from America but underwriting conditions in Germany, Canada and Australia will continue to be difficult.

Summary of Results

	1979	1978
Premiums written—Fire, Accident, Motor and Marine	660.7	619.7
Investment Income	90.3	77.1
Less Interest Payable	7.9	6.7
	82.4	70.4
Transfer to Profit and Loss Account—Fire, Accident, Motor and Marine	(13.6)	4.8
Life	7.0	8.1
Profit before Taxation	75.8	83.3
Less Taxation	33.3	40.9
Profit for year after Taxation	42.5	42.4
Less Preference and Minority interests	1.7	1.1
Profit for year after Taxation available to Ordinary Shareholders	<u>£40.8m</u>	<u>£41.3m</u>
Dividends to Ordinary Shareholders	<u>£17.0m</u>	<u>£14.6m</u>
Transfer to retained profits	<u>£23.8m</u>	<u>£26.7m</u>



Copies of the Annual Report for the year 1979, containing the Chairman's Statement in full, are obtainable from The Secretary, Guardian Royal Exchange Assurance Limited, Royal Exchange, London EC3V 3LS.



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UK NEWS

Newspapers weather dispute

MOST provincial newspaper groups are entering their third week of non-publication, as their near-solid lock-out of members of the National Graphical Association over a pay dispute continues.

Are they well placed to weather the stoppage?

The answer is neither clearly in the affirmative nor in the negative, but a heavily qualified version of either. They may suffer badly if... or, to put it another way, they may pull through well, unless...

To take the worst case first: the provincials will do badly this year if the present dispute is prolonged and if the recession in advertising, which most had feared (or had been told) would come at the end of last year really does materialise in the second half of this one.

The second of these conditions is—unless the dispute lasts some months—the more serious.

The big four provincial publishers—Associated Newspapers, Thomson Regional, United Newspapers and Westminster Press—had all assumed that they would be lucky to report the same profit figure in the current year as they did in last, and none would be surprised by

a decline. The smaller groups, many of them family companies with one or two titles, appear similarly placed, except that their executives lay greater

John Lloyd looks at the provincial newspapers' dispute with the National Graphical Association and discusses its likely economic effects on the industry

stress on the short-term damage likely to be caused. Lacking the reserve of the large groups—a cash-flow crisis could be upon them much more quickly.

In a forum conducted in January by the Newspaper Society, the provincial press's national organisation, advertisement managers from a range of groups cautiously forecast that business might not, after all, be too bad.

There was, however, a determined air of whistling to keep the spirits up and members were advised to ignore doom-mongers. They are not, however, so easily forgotten. Thomson

Regional Group takes the gloomiest view of the majors, though its projections for the year are couched in roughly the same terms. "It will be a big, big struggle

and the NGA both believe that the present stoppage will hurt most the little groups. The Royal Commission on the Press, reporting in 1977, noted that many small provincial groups were highly profitable—but that more than 200 weekly only publishers had closed between 1961 and 1974, and that the law of economies of scale always favoured the larger groups.

For most it is unlikely that the effects will be mortal; but they will be damaging. North Wales Newspapers has nine weekly titles and an evening paper, the Evening Leader. "The Leader was only begun seven years ago," says Mr. Pat Mansfield, the group's deputy managing director. "It's growing strongly but it's still delicate."

Yet he still sees the damage in human rather than financial terms. For the Wakefield Express group, a relatively small publisher with interests in commercial printing, public relations and a stake in the successful bid for the Leeds commercial radio station, the dispute has meant that the deliberate policy of diversification has had to be slowed.

Of the staple advertising diet which sustains the provincials, employment advertising has suffered worst, followed by the motor trade. For some papers—especially the weeklies—the drop in situations vacant ads has been wounding. The large chains who dominate the provincial press

Retailer backs suppliers

A LEADING High Street retailer yesterday defended the manufacturers' right not to supply all retailers with their products.

Mr. Keith Willoughby, corporate affairs director of F. W. Woolworth, told a London conference that retailers "should deserve access to items of merchandise and not demand it as a right, as some of our competitors would seem to indicate."

He referred to recent complaints by the Tesco and Argos stores chains to the Office of Fair Trading. Mr. Willoughby said Woolworth had had similar problems with manufacturers refusing to supply the company.

He said Woolworth's success in seeking alternative suppliers could mean that there was "no need to stock Raleigh as we have better competitive merchandise available."

Hepworth uses computer to cut bespoke suits

BY LISA WOOD

BRITAIN'S first computerised patterns system for made-to-measure suits was revealed yesterday by J. Hepworth and Son, a major manufacturer and retailer of men's clothing in the UK. The company has been using it for about a year.

It is based on the American Camco Markmatic 5,000 System and was developed by Hepworth's employees.

Mr. Ronald Sheffield, Hepworth's production director, said the system gave Hepworths "a skilled measurer, which is one year old, with 150 years' experience."

Made-to-measure suits have always relied on expert measuring of the customer by the salesman, on the skill of a highly-trained bespoke cutter, traditionally a man, and on the machinist. Hepworths in recent years has invested in new equipment in the machine area.

The new system cuts out the role of the bespoke cutter. Measurements are fed into the company's main computer. This

passes on details of size, measurement, style and cloth to the Camco system, nicknamed Charlie. Charlie adjusts customers' individual measurements from a basic pattern.

A miniature pattern is then displayed on the video-screen and traces out a life-sized paper pattern, fitted into the cloth by operators. These paper patterns are used by another team of women who cut the cloth before

machining. 25 per cent of Hepworth's made-to-measure suits, which make up just under 50 per cent of its suits output, are made using the new system.

About 50 traditional cutters have been redeployed or have accepted voluntary redundancy. About 100 cutters, using traditional methods, are still employed on cutting suits not yet programmed on the computer.

The new operators, all women, were formerly on the factory floor. They have received between 8-16 weeks' training on

the new system. Hepworth's said the project, which cost about £250,000 and which was partly financed by the Government's aid-to-industry scheme, has enabled it to hold down rising production costs and to improve the quality of suits. Individual idiosyncrasies of the traditional cutters have been removed.

The company hopes to produce, ultimately, about 80 per cent of its made-to-measure suits, which include the Hardy Amies range, by the new method. The company is currently experimenting with new technology on the cutting-out process: use of laser-beams, for example, is being considered.

Suit-manufacturers have been under increasing pressure from imports, particularly from Eastern Europe. Manufacturers of made-to-measure, which is virtually unique to the UK, have for some years steadily been losing the market to the off-the-peg suit.

J SAINSBURY

SAINSBURY'S
PROFIT
UP BY
41%

SAINSBURY'S
PROFIT
SHARE FOR
17,000
STAFF

SAINSBURY'S
EARNINGS
PER
SHARE
UP BY 32%

SAINSBURY'S
SALES
UP BY
22%

Resounding success built on consistent trading policy.

Salient points from the Statement by the Chairman, Sir John Sainsbury:

* Earnings per Share improved by 14.5% in real terms. During the last 10 years the real growth in Earnings per Share has been at an annual rate of 11% for a large business among the highest in the country and greater than any other U.K. retailer of similar size at the start of the period.

* This year is the most auspicious start to our Profit Sharing Scheme, and I am pleased to be able to report that some 17,000 staff with the two years' qualifying service will participate in the Scheme and that £2.2m will be distributed in the form of shares or cash depending on the employee's decision.

* The increase in sales of 21.8% was significantly higher than expected and shows a volume growth of over 10%. Only in 1978/9, the first full year of Discount Trading, have we achieved a higher annual increase in existing supermarkets.

PRELIMINARY RESULTS

Unaudited results—52 weeks to 1st March 1980

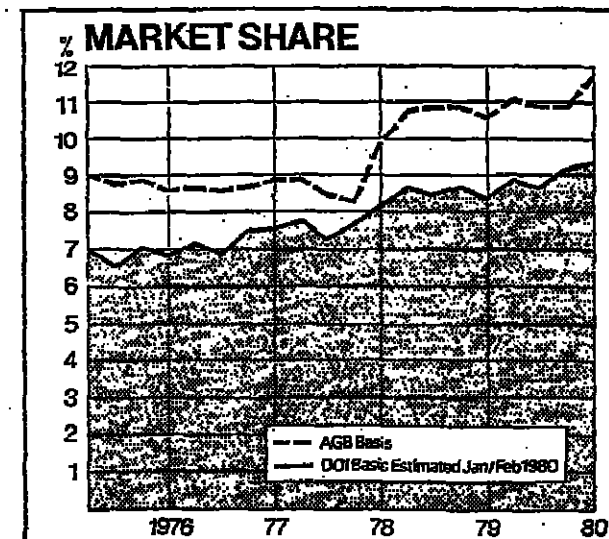
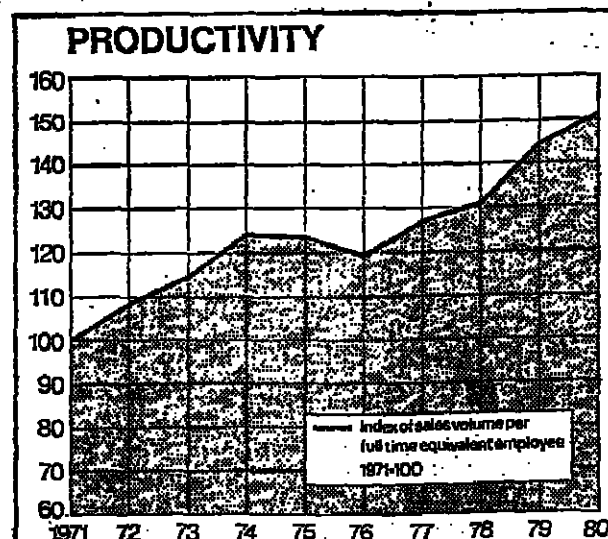
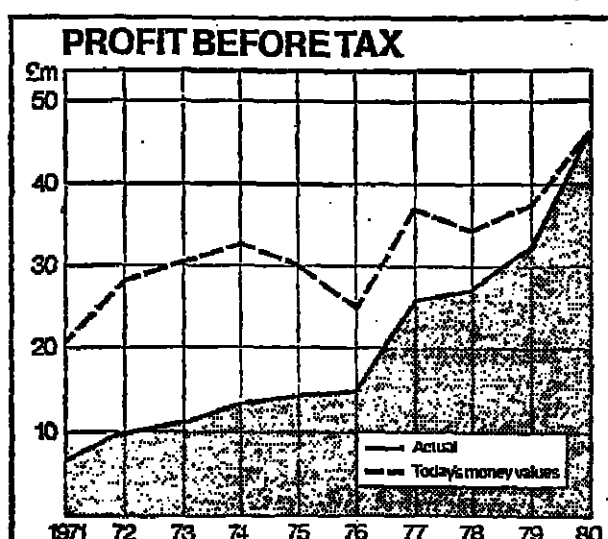
	1980 £000	1979 £000	% Increase
Sales	1,226,595	1,007,070	21.8%
Retail Profit	45,385	31,838	42.5%
Retail Margin	3.70%	3.16%	
Associate Companies	645	818	(21.1%)
Profit before Tax	46,030	32,656	41.0%
Profit Sharing	2,208	—	
Profit after Tax and Profit Sharing	35,071	26,406	32.8%
Extraordinary Item	4,364	—	
Earnings per Share	42.20p	31.83p	32.6%
Dividend—net for year	10.25p	7.12p	44.0%

* Over the year our policy of Discount prices has resulted in a further improvement in our competitive edge.

* Our share of trade in grocery outlets, measured against Department of Industry figures, reached 9.4% by the year end, compared with 8.4% a year earlier. For that sector of the grocery trade measured by AGB our share went up to 11.8% compared with 10.6%, and we showed a higher market share than any other grocery outlet in that part of the country where we trade.

* Stores in new areas are trading at a higher level than planned and last year our two busiest stores in terms of numbers of customers served were in Yorkshire and Derbyshire.

* As announced last year, our expansion programme is being increased, reflecting a greater success in obtaining planning permission. 1980/81 could well see twice as many new stores opened as this past year.



Good food costs less at Sainsbury's. Every year.

£30m cuts in NHS 'may be impossible'

BY ROBIN PAULEY

HEALTH DEPARTMENT demands for a £30m saving in National Health Service management costs may be impossible to meet, says the National Association of Health Authorities in England and Wales.

In its comments on Patients First, the Government's discussion paper for reform of the NHS, the association says management costs represent only about 5 per cent of the service's total expenditure.

The Department of Health and Social Security has published no figures to show how a reduction of £30m could be achieved, nor had it demonstrated that the NHS overspent on administration compared with other services.

The association fears that after the NHS restructuring, the DHSS will withdraw £30m from

allocations to take account of the proposed savings. "If health authorities, for very good reasons, are unable to achieve that figure, patient services will suffer," it says.

The association accepts the need to simplify the administrative structure of the NHS. "But it would be wrong to expect that after another round of reorganisation all will be well."

"A major upheaval among staff is inescapable and there are bound to be adverse effects on morale generally and on the performance of health authorities."

Even when the NHS structure was altered there would be much to do if patients were truly to be seen to be put first by the Government, the association says.

Rise in cost of raw materials slows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY'S raw material and fuel costs rose 4.3 per cent between January and April—half the rate of the previous three months, according to Department of Industry wholesale price indices.

The slowdown results from a combination of the strength of sterling, a fall in the price of many world commodities, and a much slower rate of increase in the price of crude oil.

The costs index increased in April by 0.7 per cent to 201.8 (1975=100). The 12-month rate of increase has fallen from a revised 29.2 per cent in March to 25.6 per cent.

The underlying rate of increase of output prices is accelerating slightly. But competitive pressures have limited the increase to 0.3 per cent in the past six months, compared with 8.9 per cent in the previous half year.

The output prices index rose 1.4 per cent in April to 197.1. The 12-month rate of increase was broadly unchanged at 19.1 per cent.

Ballot consensus
BI-PARTISAN political consensus on secret ballots for regulating trade union affairs has become evident.

Mr. James Prior, Employment Secretary, said ballots ought to be used by union leaderships as "support and protection for the majority of members." But it would be "quite wrong" to seek ballots as a substitute for efficient and responsible union leadership.

Mr. Eric Varley, Opposition employment spokesman, said ballots were no panacea for industrial relations problems, but he could see "no great issue of principle" in opposing their extension with the aid of public funds.

Sangers' closures
Sangers Group, thought to be Britain's fourth biggest pharmaceutical wholesaler, is to close 15 of its 37 wholesale branches as part of an effort to streamline and halt a substantial drop in profits.

Drugs exports up
Pharmaceutical exports rose 25 per cent to £184.6m in the first three months, compared with

£147.5m in the first quarter of 1979. Imports were 4.3 per cent up at £56m, compared with £53.7m. Trade surplus rose 37 per cent to £128.6m, compared with £94.1m.

Steel criticism
SIR MONTY FINNISTON, former British Steel Corporation chairman, has criticised Government policy to cut back steel production. Present talk

Items in this section appeared in the Frankfurt edition of the Financial Times on Tuesday and Wednesday.

was of a steel recession, but world production was a record of about 800m tonnes last year.

Jobbing freedom
UK JOBBERS and stockbrokers will be able to deal more freely in international markets from midnight on June 22. The Stock Exchange Council has approved

the draft rules governing dealings in international securities.

Four-hammer forger
THE LARGEST automatic forging machine of its kind, with four instead of the conventional two hammers, has been commissioned in Sheffield by Firth Brown, the steel division of Johnson and Firth Brown.

Nuclear approval
MANAGEMENT of radioactive waste and progress towards finding a permanent method of disposal are satisfactory, a watchdog committee has told the Government after 18 months' study.

But the Radioactive Waste Management Advisory Committee says that without the results of the test drilling programme, it will be unable to advise on one of three main options for storing the most highly radioactive wastes.

Power plant inquiry
THE MOTHBALLING of the Isle of Grain power station in Kent is to be investigated by the Select Committee on Energy. It hopes to publish a report before the end of July.

British Airways budgets for profit of £78m

BRITISH AIRWAYS is budgeting for a net profit of about £78m in the 1980-81 financial year, compared with break-even in the year to March 31. Its financial plan includes a 32 per cent increase in revenues to about £2.2bn and substantially higher costs.

These include a 47 per cent rise in fuel bills to £603m, and a 27 per cent rise in landing and navigation fees to £166m.

Passenger traffic is predicted to grow at 5.2 per cent, compared with about 14 per cent in 1979-80.

Post Office No to clerical staff claims

BY PHILIP BASSETT, LABOUR STAFF


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 Post today to: Rank Xerox (U.K.) Ltd., Freeport, P.O. Box 3, HORLEY, Surrey RH12 9NR.
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UK NEWS—PARLIAMENT and POLITICS

Walker firm on UK's food prices 'trump card'

BY IVOR OWEN

IF THE FRENCH demand for a 5 per cent increase in Common Market farm prices is conceded even a £800m reduction in Britain's net contribution to the Community budget would be substantially eroded.

Mr. Roy Mason, Labour's Shadow Minister of Agriculture, warned in the Commons yesterday.

He claimed that there were "clear indications" that such a concession was about to be made, and calculated that it would have the effect of increasing Britain's food bill by about £300m.

Mr. Peter Walker, the Minister of Agriculture, retorted that his position was the same as that of Mr. James Callaghan, the Opposition leader, when in the Commons last week he described the freeze on common food prices as Britain's "trump card."

He recalled that Mr. Callaghan then promised Opposition support for the Government in not giving way on the freeze until the budgetary issue was settled.

Mr. Walker, who stressed that the freeze had been maintained at the meeting of EEC Agriculture Ministers in Brussels earlier in the week, said discussion on the agricultural package would be resumed on May 28 when EEC Foreign Ministers would also meet to give further consideration.



WALKER: taunted Opposition benches

He taunted the Opposition benches with the fact that even if the Government were to accept a 5 per cent increase, it would still be much lower than the average increase in common farm prices which occurred while the Labour Government was in office.

Mr. Walker pointed to the benefits which will accrue to the Scotch whisky industry—

£40m initially and subsequently £20m a year—from the refunds of levies on imported cereals used in the production of spirit drinks as another area where he had achieved better results than his Labour predecessors.

He had obtained a commitment from the Council of Agriculture Ministers to adopt a regulation this year providing for the refunds to be paid.

Mr. Walker said the payments to the whisky industry—which are subject to agreement on the overall price package—would be of "substantial benefit."

Other measures which had been agreed by Britain's eight partners, and which again were subject to agreement on the overall package, included the whole of the UK's butter subsidy, the beef premium scheme, and the continuation of the sugar quotas.

As for a sheepmeat regime, he promised that to be acceptable, it would have to provide safeguards for UK sheep producers which were as good, if not better, than those at present available.

Mr. Walker acknowledged the need to ensure higher rewards for Britain's farmers by underlining the fact that farm incomes over the last two years had dropped quite substantially in real terms, and admitting that input costs were increasing.

MPs likely to press Joseph on BSC chief

By Elinor Goodman, Lobby Staff

SIR KEITH JOSEPH, the Industry Secretary, is likely to come under strong pressure from MPs on both sides of the House next Thursday to reveal more details of Mr. Ian MacGregor's contract as the future chairman of the British Steel Corporation.

But though some Conservative backbenchers may be openly critical of aspects of the deal during the debate, the prospects of many Tories expressing their reservations in the division lobbies about the way the Fair has been handled seems to have diminished.

The Prime Minister's strong personal backing for Sir Keith at he week-end did much to diffuse the row on the Conservative benches which blew up immediately after Mr. MacGregor's appointment.

Moreover, the form of the debate is not such as to encourage rebellions on the Tory benches. The Government has agreed to Labour's demand for a debate next week on Mr. MacGregor's appointment.

But the vote will be on the motion to adjourn the House and this means that Labour does not have the opportunity to put down an amendment, criticising the terms of Mr. MacGregor's contract, which some Tories might have found difficult to vote against.

Nevertheless, some Conservatives are still uneasy about the way Mr. MacGregor's appointment has been handled.

In particular, they want to know more about the arrangements for assessing whether his performance merits the additional payment to his former employers, Lazard Freres.

A total of 31 people were approached or considered during the search for a new chairman for BSC, Sir Keith told the Commons last night.

He said the Government had engaged Russell Reynolds Associates Inc. to assist with the appointment of a new chairman. Russell Reynolds supplied a list of 31 people whom they had approached or considered for the BSC chairmanship, and recommended seven

Optimism on interest rates cut

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A SPIRIT of "qualified optimism" can now exist that market conditions are being created for a fall in interest rates, Mr. John Biffen, the Chief Secretary to the Treasury, told the Commons yesterday.

But he emphasised that it would be "wholly irresponsible" for him to speculate on the timing of when this can be done.

Mr. Biffen, who recently made a speech forecasting three years of unparalleled austerity for Britain, was in a more optimistic mood yesterday as he opened the second reading debate on the Finance Bill.

He chided those of his colleagues who seemed to agree with the line from Browning that there would "never be glad confident morning again."

"I don't think things are that bad," declared the Chief Secretary. "I think there are circumstances which are quite encouraging."

He told the House that no single factor determined interest rates but there were four propitious points that could be identified:

• There were signs that international interest rates, with the exception of Germany, were falling.

• Domestic rates of inflation, although not yet at their peak, were expected to fall to the Red Book calculation of 16.5 per cent by the second half of the current year.

• Public sector borrowing requirement, estimated at £8.5bn for the current year, was likely to make a smaller demand on gross domestic product than the borrowing requirement for the year just ended.

• Money supply, measured by M3, was coming under better control. Since mid-June the annual growth of M3 had been around 10 per cent and the figure was even better if calculated since mid-October.

Mr. Biffen's remarks followed a statement made in the public spending debate on Wednesday by Sir Geoffrey Howe, the Chancellor, who ruled out an early reduction in interest rates.

Mr. Biffen strongly associated himself with the Chancellor's views and, in order to emphasise their importance, re-quoted the pertinent passages from Sir Geoffrey's speech of the previous day.

He recalled that Sir Geoffrey had said that the Government could not be sure of the position until it was clear that current interest rate levels were restraining the excessive growth of bank lending in recent months. He also read out the sentence in which the Chancellor had said that to reduce minimum lending rate prematurely would risk undermining the Government's anti-inflation policy.

Mr. Biffen also did some fence mending over the speech the previous day by Mr. Edward du Cann (C. Taunton), who is chairman of the Treasury and Civil Service Select Committee and of the 1922 Committee of Conservative backbenchers.

Mr. du Cann had told the House on Wednesday that the Select Committee had thrown doubt on so many assumptions in the expenditure White Paper that it suggested that the Government's whole strategy would be at risk unless there were variations in policy.

Mr. Biffen said the Press had represented this as a savage attack on the policies of the Government but, in fact, this was not borne out by Mr. du Cann's speech.

He said that Mr. du Cann had recently written, in a Conservative publication, that the Chancellor's budget had laid the foundations for higher growth, fuller employment and a return



BIFFEN: "I don't think things are that bad"

to rising living standards. He raised revenues which were responsible in relation to spending and which would permit a manageable borrowing requirement.

From the Opposite Front Bench, Mr. Denis Healey, Labour's Shadow Chancellor, said that in its first year in office, the Conservative Government had produced a catastrophe when all the favourable

factors should have led it to economic triumph. It was not a "cut tax and run budget" but was designed to

The Chief Secretary said the Government was putting forward a responsible Finance Bill. At the election, the Tories had promised to reduce inflation by controlling money supply and improving Britain's performance by cutting taxes and setting people free. Yet inflation had now doubled to 20 per cent and was still rising.

Much of this increase was due to the Government's own actions. It had increased VAT to 15 per cent, increased rents, rates and public sector charges, devalued the green pound and caused record interest rates. Far from improving our performance, economic activity was falling and unemployment had risen steeply.

He said that according to the Prime Minister's own account, the only bright spot was a rise in living standards. But this had been caused by earnings rising faster than prices. People were not acting according to monetary theory but were looking at the increases in prices, which the Government had told them to expect.

The present budget totally cancelled out the income tax reductions of the first one—everyone in the country is much worse off after two budgets except the tiny minority of very wealthy people.

Workers' absolute right to work

BY PHILIP RAWSTORNE

THOSE WHO WISH to work on the TUC's "day of action" next Wednesday have the "absolute right" to do so, Mr. William Whitelaw, Home Secretary, asserted yesterday.

"It is in their own interests, their colleagues' their jobs' and the future of the country that they decide to do so," he declared.

Mr. Whitelaw, who was deputising for the Prime Minister, delivered his judgment with Thatcherian vigour—and Tory MPs cheered him warmly for it.

But Mr. Michael Foot, Labour's deputy leader, retorted that the High Court ruling on the legality of unions' action had fully supported the right of any trade unionist to "decide for himself what he wants to do on May 14."

Almost overwhelmed by a barrage of interruptions, Mr. Foot went on to question the Home Secretary about Lord Denning's ruling in the Appeal Court that Granada Television must disclose the source of confidential British Steel Corporation documents.

"A serious infringement of the freedom of the Press," Mr. Foot called it, and he demanded Government legislation to protect Press rights.

Mr. Whitelaw replied that it would be "unwise" to comment on matters still subject to the due process of law.

In his own ruling, why had he been so eager to comment on the other? demanded Mr. Foot.

Mr. Whitelaw protested—but commented again: "The judgement did not invalidate the right of people who wish to go to work to do so."

What would he advise the unemployed to do next Wednesday? Mr. Douglas Jay, the former Labour Minister, asked.

Mr. Whitelaw, given a moment to think by the Labour jeers, responded that if those

who had jobs did not work, they were likely to make more of their colleagues unemployed.

He cautiously evaded queries about the action to be taken against public sector employees who joined the TUC's action.

Would the nationalised industries sue for breach of contract? asked Mr. Alan Beith, the Liberal Chief Whip. "That's a matter for them," Mr. Whitelaw replied.

Labour Left-winger, Mr. Bob Cryer, cried that the day of action was the only way that trade unionists could protect their rights against the "savage

attacks" made on them by the Government.

No judgment made "at the behest of the Pravda of the Tory Party," the Daily Express, was likely to stop them, he said.

Pravda? Savage attacks? "Rather absurd," said Mr. Whitelaw dismissively.

Had he noted the great resurgence of patriotism in recent days? Mr. John Stokes (C. Halesowen) asked, rousing Tory cheers again.

"I am grateful, and I agree with you," Mr. Whitelaw said with satisfaction.

Top quality system for UK citizens' band

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT appears likely to choose a much higher quality system of citizens' band radio in the UK than that used in other countries for the two-way radio sets.

At present it is illegal to operate any two way radio system in the UK without a licence. However, the Government intends to allocate a special frequency band for use by amateurs without a licence.

In a working paper, published shortly on what the Government wants to be known as the "open channel," the Home Office is expected to rule out the use of the 27 Megahertz frequency used abroad. Instead, it is likely to suggest much higher frequency, nearer to 900 MHz.

The Government is clearly hoping that the new radio band will be a much more sophisticated system than in the U.S. where the sets have become steadily cheaper over the years. They have developed into a cult

among lorrydrivers and the young with a vocabulary of its own.

Although the UK radio industry had expected that the Government would opt for a higher frequency, the 900 MHz range now suggested is much higher than it had expected. It will require expensive, sophisticated equipment which is likely to limit the market in the first instance to radio enthusiasts, and people with specialist requirements.

The Government has been pressed by the British radio industry to legalise the system. The manufacturers' cause has been taken up by a group of Tory backbenchers.

On Wednesday, the Government announced that it had decided in favour of the "open channel" in principle, and that it was considering a scheme which differed in certain important respects from that used abroad.

NOTICE OF REDEMPTION

To the Holders of

Compañía Anónima Nacional
Teléfonos de Venezuela

8½% Guaranteed Sinking Fund Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, \$350,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on June 15, 1980, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest thereon to said date, each in the denomination of \$1,000 bearing serial numbers with the prefix letter "NM" as follows:

OUTSTANDING DEBENTURES BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

ALSO DEBENTURES BEARING THE FOLLOWING NUMBERS:

5156 5656 6856 7656 5056

On June 15, 1980, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Buenos Aires, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credit Foncière S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg. Payments due of coupons referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due June 15, 1980 should be detached and collected in the usual manner. On and after June 15, 1980 interest shall cease to accrue on the Debentures herein designated for redemption.

Compañía Anónima Nacional Teléfonos de Venezuela

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF \$1,000 EACH

86 1239 3832 3386 4235 5189 9035 7839 8183 9259 10135 11286 12089 12462 13097 13410 14432 107 1374 2538 2697 4339 5235 7107 7853 8186 9374 10174 11286 12089 12462 13097 13410 14432 123 1386 2535 3674 4374 5269 7124 7707 8191 9386 10186 11411 12086 12513 13161 13849 14674 149 1497 3024 3686 4398 5274 7125 7897 8307 8497 10366 11424 12107 12524 13050 13535 14786 159 1516 3235 3781 4410 5266 7225 7854 8210 9638 10307 11436 12124 12535 13074 13786 14707 574 1493 2974 3835 4422 5234 7123 7832 8219 9886 10311 11489 12125 12536 13083 13827 14702 586 1474 3207 3859 4459 5254 7289 7883 8250 9234 10254 11496 12159 12707 13086 13811 14607 624 1482 2265 3407 4474 5283 7274 7886 8257 9847 10374 11524 12161 12707 13086 13811 14607 638 1474 3274 3932 4522 5314 7207 8007 8686 9981 10459 11888 12511 12736 13123 13843 14635 674 2454 3454 4254 5283 6886 7354 8059 8907 9386 10297 11286 12089 12462 13097 13410 14432 774 2453 3453 3974 4686 5124 7235 8010 8510 9287 10674 11523 12074 12736 13123 13843 14635 887 2453 3453 4024 4755 5123 6134 8014 8524 9289 10210 11958 12224 12796 13186 13535 14886 892 2474 3474 4022 4759 5207 6134 7274 8014 8524 9289 10210 11958 12224 12796 13186 13535 14886 1024 2484 3483 4029 4874 5310 7388 8124 8738 10010 11968 11968 13306 13874 14235 14610 14910 1038 2727 3488 4026 5059 5207 6134 7274 8014 8524 9289 10210 11958 12224 12796 13186 13535 14886 1124 2726 3487 4154 5056 6410 7489 8189 8207 10035 11307 12007 12434 12916 13307 14038 14974 1159 2729 3524 4153 5074 6599 7486 8174 8224 10074 11323 12028 12413 12959 13225 14136 14966 1225 2824 3577 4174 5266 7654 8007 8181 8287 10123 11374 12035 12435 12966 13360 14310

Labour Right claim victory

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR right-wingers claimed yesterday that they were beginning to notch up victories in the struggle for the soul of the Labour Party.

The Campaign for Labour Victory, whose supporters in Parliament include Dr. David Owen and Mr. William Rogers, said yesterday that the "heartening message" emerging from within the Party was that the tide was turning and that the "destructive trend of the last year" was finally being brought to a halt.

To support this view, the

CLV quoted the way the Amalgamated Union of Engineering Workers—whose vote at last year's Party Conference, tipped the balance in favour of the Left's proposal on the automatic re-election of MPs—was now backing the moderates' position on all the three major constitutional issues facing the Party.

In its evidence to the Labour Party's Commission of Inquiry, the Union has rejected the Left's ideas on mandatory re-election of sitting Members and turned down the idea that

the Party's National Executive should control the drafting of the Manifesto.

It has also agreed with the Parliamentary Labour Party in concluding that there should be no change in the way the Party leader is elected.

Even more encouraging, the CLV says, has been the growth of support for the reform of the National Executive itself. So far, it points out, four major unions have backed this idea which CLV believes is fundamental to the future of the Party.

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Financial Times Friday May 9 1980

ENERGY REVIEW: ALGERIAN GAS

BY FRANCIS GHILES

Perils and profit of a pipeline

ALGERIA will be linked to Europe by a pioneering under-sea pipeline for natural gas next year. But the gigantic \$2.5bn-3.3bn project has become the subject of several disputes: is it safe from sabotage? Is it more economical than the original proposal to ship gas across the Mediterranean in liquefied form by LNG tanker? And what do the Europeans do about an Algerian bid to double the price of the gas they export?

Algeria already supplies Europe with more than half its imports of natural gas, a share which will increase to around 75 per cent by 1984, once the 1,500 mile pipeline from the Hassi R'Mel to Bologna is fully operational.

Originally, Algeria had planned to sell up to 21bn cubic metres each year to the U.S. by 1984. But failure to reach agreement with the authorities in Washington about a number of contracts in 1978 and 1979 has led Algeria to state oil and gas company, Sonatrach, to shift a greater proportion of its exports to European customers. This gas goes by ship in liquefied natural gas (LNG) carriers.

From late next year, the proportion carried by ship will fall to about half. The rest will be carried by the Trans-Mediterranean gas pipeline from Algeria across Tunisia and the Straits of Sicily to the Italian mainland. So confident are the Algerians of the viability of a pipeline that a sister pipeline is currently under discussion.

The pipeline will initially carry 12.5bn cubic metres of gas annually, a figure which will increase to 15bn in due course and could be pushed up to 18bn if further pipelines are installed under the sea. By comparison, UK North Sea annual production is around 40bn cubic metres.

Sonatrach first opted for liquefaction when more than half the gas it was planning to export was earmarked for U.S. customers. It also felt that LNG carriers provided greater flexibility. Three major considerations lie behind the shift from carrier to pipeline. First,

the capital cost of building pipelines is rather lower than those of building and operating large gas liquefaction plants. The LNG plant at the major oil and gas base of Arzew in western Algeria cost more than twice the initial estimate.

Hence a larger share of the capital costs can be transferred to customers. This point is crucial as Algeria's leaders have recently decided to scale down their country's ambitious industrialisation plans and divert more funds to agriculture and housing. They want to be less dependent during the next decade upon the sale of gas and oil than hitherto. Finally liquefaction and regasification waste about 18 per cent of the gas, whereas less than 1 per cent would be lost if it moved through the pipeline.

Preference

Sonatrach discovered its preference for exporting gas without liquefying it at the very time when the pipeline across the Straits of Sicily looks more vulnerable to sabotage than ever before. The fear of sabotage arises from the crisis in relations between Tunisia and Libya following a rail carried out late in January by Libyan-backed Tunisian dissidents against the southern Tunisian town of Gafsa. Evidence has emerged that the raiders had accomplices in Algeria among the lower- and middle-ranking echelons of the army and the ruling FLN party.

The Tunisian authorities have kept very quiet about this evidence, not wishing to complicate what they see as the delicate task President Benjedid Chadli faces today. The Algerian President has to contend with some radical and Islamic political barons who have no especial love for Tunisia and are not insensitive to political overtures made by Libya's strong man, Colonel Gaddafi.

These good relations find a very concrete expression in the Transmed pipeline. The pipeline project fits well into the long-held view of President Habib Bourguiba of Tunisia

that closer relations between neighbouring Arab countries must be founded on a bed-rock of mutual economic interests. For the pro-western Tunisian regime, the fact that the pipeline locks them into a tight economic embrace with Europe is an added benefit.

Tension in the area has not prevented the construction of the pipeline from proceeding apace. It was begun late in 1977. The idea was initiated by the mineral agency of the Sicilian Regional Authority when it formed a joint company track. The new company commissioned the U.S. engineering consulting group, Bechtel, to carry out technical and economic feasibility studies.

The conclusions were favourable, but the Italian authorities considered the project too ambitious to meet the modest gas needs of Sicily. Whatever misgivings Rome might have had however, soon disappeared. The Italian "economic miracle" dramatically increased the country's longer-term energy requirements. Shorter term gas needs were solved by 1989 when pipelines from the Netherlands and the Soviet Union came on stream. But it quickly became clear that by the mid-1980s a further 12bn cubic metres of gas a year would be needed to avert the threat of a shortage.

Italy and Algeria signed an initial agreement as long ago as 1973. It had to be renegotiated following the oil crisis and the subsequent rise in energy prices. Then the Tunisian Government asked for

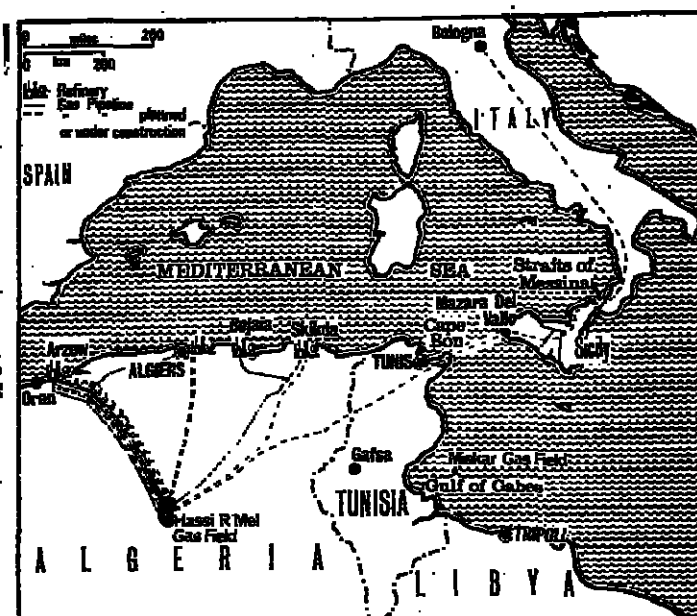
a 10 per cent share of the total gas carried by the projected pipeline—a demand which the other partners found exorbitant. Agreement was finally reached between all parties to the project in September, 1977, when it was agreed that Tunisia would take 5 per cent of the total gas carried by the projected pipeline. This share will rise when the volume of gas flowing through the pipeline tops the 12bn cubic metres a year figure. The Tunisians will be entitled to take 6 per cent of the extra 3bn cubic metres of gas that might then be pumped through the pipeline. As at present conceived, a total of 15bn cubic metres of gas could flow through by 1984.

For Tunisia the project had a major advantage: it made redundant a project for developing its offshore Miskar field. Between 30bn and 33bn cubic metres of gas may be recoverable from this field which was discovered by the ELF-Aquitaine group in 1974. However, the gas field at Miskar would have cost Tunisia \$650m to develop. Moreover, the gas is sulphurous and situated under deep water, so that Tunisia preferred to spend the money on something else.

The gas pipeline could eventually revolutionise current plans for gas supplies to Europe. It could turn Italy into a spaghetti junction for a network feeding gas to Italy, Germany, Switzerland, Austria, France, Belgium, Holland and maybe Yugoslavia and Greece.

Salpem, the construction subsidiary of ENI, has used the largest and most technologically

Algeria: Hassi R'Mel—Algerian/Tunisian border			
Pipeline	550km.		
Owner	Sonatrach.....		
Status	under construction		
Est. cost	\$600m		
Tunisia/Algeria border—Cape Bon			
Pipeline	370km.		
Owner	Tunisian government		
Status	under construction		
Est. cost	\$500m.		
Sicilian Channel: Cape Bon—Mazara Del Vallo, Sicily			
Pipeline	160km.		
Owner	Trans-Mediterranean Pipeline Co. (50% Sonatrach/50% Sigt which 70/30 SNAM/ENI, a Sicilian mining Company)		
Status	under construction		
Est. cost	\$600m.		
Sicily: Mazara Del Vallo—Casa Bianca, Mortella			
Pipeline	250km.		
Owner	SNAM		
Status	under construction		
Est. cost	\$350m.		
Straits of Messina: Casa Bianca—Favazzina, Calabria			
Pipeline	15km.		
Owner	SNAM		
Status	completed		
Est. cost	\$100m.		
Italian Mainland: Favazzina via Rome to Minerbio, Bologna			
Pipeline	1,050km.		
Owner	SNAM		
Status	under construction		
Est. cost	\$1,000m.		



advanced pipe laying barge in the world. Built by the Trieste-based Italcantieri, a subsidiary of the state controlled Financieri group, after almost eight years of design work and testing, the Castoro Sei barge costs \$140m.

It started work in September 1978 and can lay pipe in water depths of over 2,000 ft. well out of reach of either divers or conventional pipe laying barges. Its capacity to work in virtually all weather conditions and ability to retrieve and repair pipes will effectively dispense with the "weather window" restrictions

on existing operations. Its success may have a significant impact on energy collection in the deeper waters of the North Sea and areas such as the Canadian Arctic.

Before any decision to build a sister pipeline is taken, the current deadlock in negotiations between Sonatrach and its European and U.S. partners will have to be sorted out. Sonatrach recently suspended deliveries of gas to France and the U.S. company El Paso in a bid to raise the price they have to pay from below \$3 to \$5-\$6 per British Thermal Unit.

This is part of a concerted move on the part of leading LNG exporters to put prices for the fuel on an equal basis per thermal unit as those for oil. LNG prices have traditionally been set under long term contracts and been well below the equivalent, in energy terms, for crude oil.

Many of Algeria's European customers and future customers are resisting not only Sonatrach's attempt to double the price, but also Algeria's expressed desire to shift from LNG to gas. They have already begun the financing and

building of expensive LNG terminals. Furthermore Sonatrach's decision to suspend supplies to Gas de France has reinforced to argument about security of supply. Such security would be much less if the gas came through pipeline. While linking Europe and Africa, the Transmed pipeline should help to cement relations between Tunisia and Algeria. The two countries rarely see eye to eye the first being unashamedly pro-western, the second vociferously radical in Third World forums. Yet both have much at stake.

Prudential profile No.3: Kenneth Fleet reporting



John Powell, Head of Prudential Management Services, shows Kenneth Fleet, leading financial journalist and City Editor of the Sunday Express, some of the hardware behind the Prudential's "computer revolution".

"Computers mean even better service for 8 million Prudential policy holders"

John Powell, Assistant General Manager, Management Services

The Prudential has been among the first to recognise the crucial role computers can play in more efficient administration, and has made a massive investment in advanced technology.

Kenneth Fleet talks to John Powell, at the centre of the Prudential "computer revolution".

Fleet: You have led me through the finest Victorian Gothic facade in London into the twentieth century world of computers. The Prudential, I understand, was a pioneer in processing data by machine.

Powell: This company was a leader in the computer revolution. We installed our first computer in 1961. The first punch card machine was installed in 1919.

Fleet: You have this gleaming array of costly machines. What does computerisation actually do for the Pru's eight million policyholders?

Powell: It buys them a better deal for the premiums they entrust to us. The reason we use computers is to make our business more economical and effective. With costs always rising, we need to spend as little as possible of policyholders' premiums on administration. Computers also help speed up the payment of our policyholders' claims and answering queries.

Fleet: Will that unique character, "The Man from the Pru," your 13,000 field staff, learn to love the computer?

Powell: Computers are becoming cheaper and smaller all the time. With our research programme, I foresee a time when we shall bring many of these advantages to our selling staff.

Fleet: Are there also benefits for head office staff? Powell: They have to deal with a frightening amount of paper work. Computers help significantly to cut wastage in materials and manhours, and increase job interest.

The improving cost of performance of computing will enable us to process not just numeric data but textual data and we can expect to merge speech into the same network.

I am looking forward to the time when Prudential offices will be using computers as a huge filing system and communications network. This will not only support the company's administration but produce and disseminate correspondence and management reports.

We are fast entering a new era of computer usage. We can and should use the computer's capabilities to improve job interest, while continuing to improve our efficiency.

Fleet: Senior managers sometimes see computers as expensive toys. Is this true with you?

Powell: No. Computers are serious business and not a game. A large proportion of the company's records are stored on computers. This data is an asset second only in value to our staff. It is vital to management in decision-making as well as in running this vast business.

Computers give management the opportunity to look at the future of our business, its potential.

Fleet: What has this massive transplant of computer technology cost?

Powell: The Prudential has invested £20 millions in the computer centre and we are currently spending close

to £10 millions a year on computing in all its various aspects.

Fleet: What other plans have you?

Powell: Our development programme is substantial. A major priority is a new, large processor which will be installed in July. This will make it possible for many Prudential staff to have access to a computer and write their own computer programs. We are also developing on-line systems to give branch offices instant computer facilities. Our policyholders and anyone interested in the range of insurance policies the Prudential offers will have their queries answered speedily. A company relying on existing postal services will simply not compete.

Fleet: One last question. Is the faceless computer about to take the place of the friendly face of the Man from the Pru?

Powell: Over my dead body.

The Prudential's annual report is now available from the Publicity Department, Prudential Assurance Company Limited, 142 Holborn Bars, London EC1N 2NH.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1978							
4th qtr.	118.3	163.9	100	101.7	123.3	1,349	230
1979							
1st qtr.	118.1	162.6	98	100.7	124.8	1,351	234
2nd qtr.	118.5	167.1	106	106.2	144.8	1,299	256
3rd qtr.	118.1	169.6	98	100.7	144.0	1,351	234
4th qtr.	118.1	168.9	99	99.5	144.6	1,369	247
Nov.	112.9	164.9	106	101.7	151.9	1,285	230
Dec.	114.4	165.5	114	103.5	153.2	1,282	234
1980							
Jan.	112.5	163.9	103	101.7	153.1	1,294	219
Feb.	111.9	162.4		103.0	153.3	1,339	207
March	110.4	160.9		104.1	158.7	1,414	181
April				103.0		1,414	181
						1,458	169

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intnd. goods	Eng. output	Metal mfg.	Textile	Hous. starts*
1978							
4th qtr.	105.6	97.5	123.9	97.6	100.2	102.2	20.3
1979							
1st qtr.	106.0	98.3	126.9	98.9	98.4	100.1	12.9
2nd qtr.	106.7	102.9	132.5	102.7	110.1	103.0	21.3
3rd qtr.	106.7	98.0	132.1	98.5	103.6	100.1	21.0
4th qtr.	105.0	101.3	129.8	98.4	100.9	94.5	15.1
Nov.	104.9	98.0	130.0	98.0	102.0	98.0	20.5
Dec.	106.0	103.0	132.0	101.0	103.0	96.0	19.2
1980							
Jan.	105.0	103.0	128.0	101.0	98.0	92.0	14.6
Feb.	107.0	101.0	127.0	101.0	65.0	96.0	13.1
March	106.0	101.0	124.0	100.0	57.0	92.0	11.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1979							
1st qtr.	109.0	116.9	-1,538	-1,215	-235	107.0	16.78
2nd qtr.	135.3	128.9	-486	-310	-229	106.4	21.69
3rd qtr.	129.6	128.1	-483	-238	-158	106.8	23.18
4th qtr.	129.3	128.9	-745	-674	-187	103.7	22.54
Nov.	131.8	125.8	-75	-51	+ 27	104.1	22.42
Dec.	131.3	131.3	-292	-229	-86	102.6	22.72
1980							
1st qtr.	131.6	126.7	-123	-873	-126	100.7	24.87
Jan.	129.0	128.3	-321	-271	-74	100.9	23.71
Feb.	128.8	129.1	-226	-176	-52	100.6	23.93
March	128.0	122.8	-176	-126	0.0	100.6	26.96
April							28.01

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1	M3	Bank adv.	DCE	BS inflow	HP lending	MLR
1979							
1st qtr.	7.6	8.3	32.6	+1,525	777	1,581	13
2nd qtr.	8.7	17.2	28.5	+2,797	777	1,587	14
3rd qtr.	15.5	16.2	13.2	+2,403	993	1,879	14
4th qtr.	5.1	12.6	16.2	+2,891	839	1,954	17
Dec.	6.1	12.6	16.2	+ 250	161	993	17
1980							
1st qtr.	-2.3	9.6	25.4	+1,589	624		17
Jan.	-8.1	8.7	22.6	+ 777	235	668	17
Feb.	-6.4	10.0	20.7	+ 806	190	667	17
March	-2.3	9.6	25.4	- 607	200		17
April							

INFLATION—Indices of earnings (Jan. 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic matls.	Wholesale	RPI	Foodst.	FT commodity	Strg.
1979							
1st qtr.	144.2	153.4	161.6	206.9	218.2	268.88	64.0
2nd qtr.	147.3	162.3	168.0	216.5	225.2	283.55	67.4
3rd qtr.	154.2	169.9	176.4	221.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.3	325.13	68.6
Nov.	162.1	184.0	181.6	237.7	237.0	297.22	68.4
Dec.	163.1	187.5	183.9	239.4	239.9	295.13	69.7
1980							
1st qtr.	163.0	192.5	188.3	245.3	244.8	308.69	71.4
Jan.	167.3	197.6	181.5	248.5	248.7	304.27	73.2
Feb.		200.5	194.4	252.2	251.1	294.47	72.6
March		201.5	197.1			273.87	72.6
April							

* Not seasonally adjusted.

SIERRA LEONE



His Excellency, Dr. Siaka Stevens, President of Sierra Leone

Sierra Leone, referred to during the first half of this century as "the Athens of Africa", and later as "the Land of Diamonds" will attract world attention in June/July this year as she plays host to the forty-nine member nations of the Organisation of African Unity (OAU) in its capital city of Freetown.

POSITION ON THE WORLD MAP:

Sierra Leone is situated on the bulge of the West Coast of Africa, between latitudes 7° and 10° North and longitudes 10° and 13° West. It shares a common border with the Peoples Revolutionary Republic of Guinea on the North East, North and North West and with Liberia on the South West. On the South Eastern border is the Atlantic. This sea coast covers some 212 miles extending from the mouth of the Republic of Guinea to the North of the mouth of the Great Scarcies River, to the boundary of Liberia at the mouth of the Mano River.

The country covers an area of 27,925 sq. miles (73,326 sq. km). From the coast, the Northern portion extends inland into low-lying tidal swampland which provides some of the finest rice growing land in the country. As one progresses eastwards, relatively low lying land on the coastal belt gives way to rolling hills, and the land in general becomes higher. The North-Eastern quadrant of the country is a plateau approximately 3,000 feet high with mountain peaks rising to a height of over 6,000 feet in the Loma Mountains and Tingi Hills areas.

For administrative purposes, the country is divided into three Provinces (see table below) and the Western Area.

Province	Area	Population	Headquarters	Distance from Freetown
Northern	13,923	1,046,000	Makeni	114 miles
Southern	7,868	196,000	Bo	151 miles
Eastern	5,876	776,000	Kenema	192 miles

The Western Area which makes up an area of 261.1 sq. miles consists of the Sierra Leone Peninsula, on which the capital and main commercial centre—Freetown—stands, the surrounding villages of Kissy, Wellington, Wilberforce, Murray Town, Aberdeen, Lumley, Hill Station and Mount Aureol. It rises in places to 3,000 feet above sea level, and is one of the few parts on the West African Coast in which there is such high land so near the sea.

Freetown is also the principal port through which most exports and imports pass. Its position as one of the most westerly parts of Africa gives it considerable importance in inter-continental as well as inter-African trade.

Freetown has a City Council headed by a Mayor.

POPULATION:

The population of Sierra Leone, according to the 1974 census is 3 million, consisting of more than fifteen tribes. The principal people are the Temnes, Lokos, Kurnbas and Limbas in the North and Central regions; the Mandos who mostly populate the South and the Kisses and Konos in the East. Freetown is a hotch-potch of several tribes but is mostly populated by the Creoles. There is also a fair size settlement of people of non-negro descent, mainly people of Lebanese and Middle Eastern origins. A good many of them are citizens of Sierra Leone, deriving their citizenship from their mothers by virtue of the Sierra Leone Citizenship Act.

CLIMATE:

Sierra Leone experiences very marked alternations between wet and dry seasons. The rainy season is from May through October with the most rain falling in the months of July and August.

The highest annual rainfall is in the Coastal regions—Freetown averaging about 150" per year. In most of the hinterland the average is about 100" per year.

The average temperature is about 80°F (27°C) all the year round. The coolest areas are in the North-East of the country in the Loma and Tingi Mountains. The hottest areas are in the North-Central interior plains. The harmattan, a cool dry wind from the Sahara, is prevalent between December and January.

FOREIGN POLICY

Sierra Leone's foreign policy is based on the principle of non-alignment—a policy she has always maintained since independence in 1961. She is a member of the United Nations Organisation and of the Commonwealth and was a signatory to the Charter of the Organisation of African Unity. She is also a member of the United Nations Economic Community for Africa (UNECA).

The country's position in the 'bloc' struggle is friendliness to all states, respect for their sovereignty and territorial integrity and non-interference in their internal affairs.

In the implementation of these principles, she gives fullest support to the United Nations, the Commonwealth, the OAU and other international organisations in their effort to bring about a world free of war, poverty, disease, ignorance

and injustice. She was one of the observer countries appointed by the Commonwealth Secretariat to ensure free and fair elections in Zimbabwe. She recently announced her intention to give full support to the rehabilitation efforts of independent Zimbabwe, enhance its march towards economic stability and provide assistance on a bilateral basis.

In spite of her small size and limited resources, she wields tremendous influence both in the United Nations and the OAU. She has served on the Economic and Social Council, the Security Council and on several special committees including the Committee on Peace Keeping Operations.

She is firm on her stand on the peaceful use of outer space, and disarmament.

At the request of the OAU, Sierra Leone was host to an Ad Hoc Mediation Commission held in Freetown in December 1977 to look into the dispute between Sudan and Ethiopia with the aim of bringing hostilities between the two states to an end. This meeting which was chaired by Sierra Leone's Foreign Minister went a long way towards lessening the tension which up till then existed between the two states. A follow-up meeting was held in Freetown in February 1979 to normalise relations between the two states. The Heads of State of Sudan and Ethiopia took part in the deliberations.

The country's President, Dr. Siaka Stevens, is currently one of the five Vice-Chairmen of the OAU and will take over the Chairmanship during the OAU Summit in Freetown in July.

Sierra Leone is also a member of the African, Caribbean and Pacific State (ACP), the group of third world countries in the EEC-ACP-Lome Convention. Under the terms of this convention, the country has benefited from the STAREX system in respect of loss of revenue from her iron ore mines which closed down in October, 1975, and has received substantial aid from the EEC for several development projects.

To give meaning to her policy of neutrality and non-alignment, Sierra Leone's representation abroad is diversified. Missions have been established in several countries in key areas in the five continents including the Peoples Republic of China, Russia, the U.S., Belgium and Saudi Arabia. She is now represented by a total of eighteen High Commissions and Embassies, a number of consulates in addition to her permanent mission to the U.N.

Development assistance from friendly countries and from international and regional institutions, notably the World Bank, the African Development Bank and the Agencies of the United Nations continue to make considerable contributions to her economic progress.

REGIONAL COOPERATION:

Sierra Leone being a small country, her leaders have realised the tremendous benefits she will derive from regional co-operation, particularly with her neighbours. To this end, the Mano River Union was established in 1972 between Sierra Leone and Liberia with the ultimate goal of establishing a customs union between the two countries and any other country within the sub-region which may choose to join the Union. Within seven years, the Union has gained spectacular achievements and established itself as a model of cooperation in the universal desire for political and economic integration.



The Mano River Bridge

Guinea has recently joined the Union as an observer. Its adherence to full membership is presently being worked out, and it is expected that it will attain full membership during the Union's seventh anniversary celebrations in October.

This sub-regional cooperation is expected to bring tremendous benefits to the peoples of the three countries. The first phase of the establishment of the Union involved the formulation and introduction of concrete measures designed to sustain mutual trade as well as to create greater complementarity in the structures of production and demand in the member states.

Intra-union trade is scheduled to commence between the two countries on the 1st July, 1980. According to the arrangement, agricultural products and livestock, natural resources and products of hunting or fishing have assumed free trade status from one member state to another. Some one hundred items of both member states have been listed under the duty-free zone.

With Guinea acceding to the Union, the three states will constitute the ideal economic block for fulfilling the purpose of the Mano River Declaration in terms not only of providing a large and viable regional market to take advantage of the possibilities of large-scale production, and of realising in full measure the advantages of economies of scale, but also in terms of providing greater opportunities for the joint mobilisation of scarce materials, financial and human resources required for developing such basic industries like iron and steel, pulp and paper, textiles, natural and synthetic rubber, plastic, glass, leather, industrial chemicals, wood products and food processing, as well as in developing extra regional markets.

Sierra Leone is also a member of the Economic Community of West African States (ECOWAS) and has given every encouragement to its development.

She is a member of several other sub-regional organisations including the Federation of West African Chambers of Commerce, West African Conference of Surgeons, Flight Information Region—an air traffic arrangement between Guinea, Liberia and Sierra Leone with headquarters in Monrovia; West African Insurance Consultative Association etc., and holds several bilateral agreements with states in the sub-region. The benefits of her association with other countries in the region could be seen in terms of more efficient use of resources and provide a better bargaining position for the sub-region in international organisations.

THE NATIONAL ECONOMY

Like many developing countries, Sierra Leone has a dual economy. The non-monetised sector consists largely of subsistence agriculture which accounts for over 70 per cent of the labour force. The monetised sector is dominated by the Mining Industry, Diamond and Bauxite being the predominant minerals.

The Gross Domestic Product (GDP) at factor cost in 1976/77 was Le667.3 million rising to Le728.3 million in 1977/78 indicating a growth rate of 1% per annum during this period.

The economic activities of the country over the last ten years have shown that Sierra Leone has an open developing economy. Its economic growth rate has been largely determined by the fluctuating external demand for her primary products.

The close relationship between the GDP and exports in Sierra Leone is explained by the fact that Government receipts, domestic income and the availability of Foreign Exchange to import capital goods are all highly dependent on export earnings.

The country's economy revolves around the agricultural sector, mining, commerce and industry and more recently tourism. In 1976/77 the gross domestic product (GDP) of Le667.3 million was made up largely of agriculture, forestry and fishing Le268.9 million or 39.9%, followed by wholesale and retail trade, hotels and restaurants Le288.8 million or 43.4% and transport and communications Le71.1 million or 10.7%. Manufacturing, industry, and handicraft only contributed Le35.4 million or 5.4% to the GDP.

A significant feature of the economy is the mining sector particularly with regard to foreign trade. The principal mining activities, centred around iron ore, diamonds and bauxite until 1975 when the iron ore mines at Marampa were closed down. In 1976/77 the mining sector contributed Le67.7 million or 10.2% to the GDP. This was largely contributed by diamond mining. In the same year, of the total export bill of Le147,650,000, mining accounted for Le70,875,000 or 48%. The total value of diamonds exported was Le22,969,000 or 42% of all exports and 83.8% of all minerals exports.

A large proportion of the economic activity is contributed outside the modern sector and in the urban informal sector. Again in 1976/77, the non-monetised sector share in the GDP was Le200.6 million or 30.1%. This was made up largely of agricultural production, Le183.4 million or 91.4%. Ownership of dwellings accounted for the remaining 8.6%.

The economic trend for the period 1977/78 to 1978/79 indicated a recovery from the serious depression of 1974/75.

In real terms, the economy grew by 3.3% between 1976/77 and 1977/78. This improvement was due largely to the increase in the world prices for cash crop exports, although the slow reaction of supply in the agricultural sector to the change in prices did not allow the country to take full advantage of the price increase.

The contribution of the mining sector to the economy in 1977/78 and 1978/79 continued to decline. The full effects of this structural change in the economy has however been dampened by the unprecedented rise in the value of diamonds late in 1978.

TRADE COMMERCE AND INDUSTRY

A favourable trade balance is the backbone and source of economic development in any country. To this end, the Government continues to encourage the development and expansion of trade generally, so as to maintain such a balance for the enhancement of economic self-sufficiency. With a policy of "increasing exports and reducing the value of imports by import substitution with a view to achieving favourable balance of trade", the Government's trade balance was encouraging in the early 1970's.

Unhappily, however, since 1973 this policy has been continually hampered by numerous forces beyond Government control. Soaring prices of commodities all over the world including oil, the bug-bear on the economies of developing countries, has tremendously affected the trade figures as the Government has had to pay more for the same volume of commodities than was paid the previous year.

Added to this, the nation has had to rely increasingly upon imports to satisfy local requirements of its staple food rice which has suffered bad harvests in the last two years due to early rains and an invasion of army worms. The recourse to short-term credits in recent years to finance imports has also imposed additional pressures on the balance of payments.

The Government is fully aware of these difficulties. Within the scope of its power and means and with the support of the people, friendly governments and international financial institutions, the Government continues to find ways and means of restoring a sustained and balanced growth of the economy.

Measures to ease the pressure on the balance of payments include the tightening of import controls first introduced towards the end of 1975; the delinking of the Leone from the pound sterling and linking it to the Special Drawing Rights of the IMF in 1976; the revision of producer prices to stimulate production and raise export earnings; the introduction of an Export Credit Guarantee Scheme with a view to providing guaranteed assistance to exports in regard to their pre-shipment finances; and increasing rice production to reduce huge quantities of imports. The Government has also been negotiating with the Paris Club of Creditors to grant debt reliefs to ease the country's balance of payments. The IMF, under a Stand-by Agreement—also provided balance of payment supports in 1979, while the United Kingdom agreed to grant debt relief amounting to nearly Le20 million.

Since the Sierra Leone Development Act of 1960, several manufacturing industries have been established, and these are making worth-while contributions to the economy.

The Sierra Leone Development Act outlines the concessions that can be obtained by prospective investors, and provides for the granting of development certificates to companies engaged in manufacturing products that are of importance to the economy, particularly those that would reduce the flow of valuable foreign exchange.

Government's industrial policy is aimed at encouraging rapid development of industries especially those which will utilise raw materials and indirectly create useful employment for the people in the rural areas. Towards this end, there are special generous tax concessions as investment incentives.

Industries established now number about forty and these include plastic footwear, knitted garments, tinned fruits, juices and jams, cane sugar, suitcases, metal assembly, wheat flour, perfumes and pomades, soap, diamond polishing, fisheries, beer, distilled spirits, confectionery, paints, petroleum, cosmetics, pulp and paper, and high quality office and household furniture.

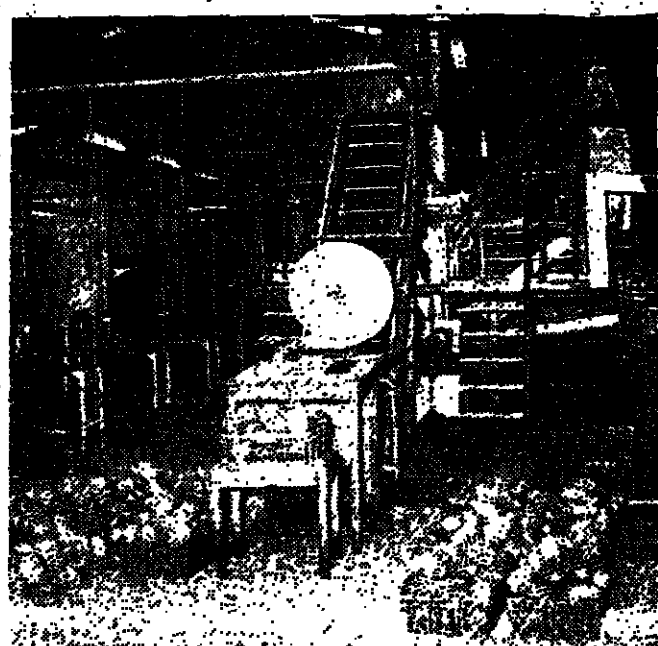
There are two large palm mills at Daru and Mattru Jong which press palm oil and several pilot mills operated by SLEME. The palm Kernel Oil Mill processes a proportion of the country's palm kernel production into palm kernel oil and cake. It is at present operating at half capacity but when fully operative, it will be able to process about 30,000 tons palm kernel per year for a yield of 14,000 tons palm kernel oil, and almost 16,000 tons of cake.

AGRICULTURE:

Although Sierra Leone's agriculture is relatively under-developed it constitutes the most important sector of the economy. It provides a livelihood for over 75% of the population, and contributes about 30% of the GDP.

Until the era of rapid expansion of Sierra Leone's mineral resources in the early 1950's, agriculture, in addition to being the main activity of the population, provided the most lucrative part of the country's exports. The Government now intends that agriculture should regain its former importance in order to reduce the present reliance on diamond mining and to ensure higher living standards for farmers and their families.

The major crops grown are rice, cocoa, coffee, groundnuts, cassava, ginger, maize, some varieties of vegetables and beans. Millet is an important minor crop in some areas of the country. Rice, the staple food, is the most important single crop, accounting for 83% of the land under cultivation and the occupation of about 81% of farmers in all parts of the country. It is not currently exported but the Government plans to develop it to the extent of self-sufficiency in the near future.



The Mobile Fruit Canning Industry

Cassava, groundnuts, maize and other crops are grown exclusively for home consumption, but with the increased production of groundnuts under the National Produce Company (a subsidiary of SLEPAC) it is envisaged that groundnuts would become an export crop shortly. Coffee accounted for 37% of export earnings in the 1977/78 year and this commodity is expected to increase significantly in the ensuing year.

The majority of farmers have small holdings in a system of 'shifting cultivation'.

Large-scale type farming is a fairly recent development, and the few that are established are Government or quasi-Government owned, and are confined to crops which require expensive machinery and timely processing; e.g. Torma Bum Rice Development Project; the Sierra Leone Agricultural Product Company (SLAPCO) for increased production of cocoa and coffee; National Produce Company (NAPCO) for increased production of groundnuts, chillies, and ginger; and the Sugar Cane Project.

Conscious of the complicated nature of the problems of farmers, the Government attaches great importance to the integrated approach to agricultural development. This approach offers "package deals" to the farmers, including extension and training, credit, infrastructure and marketing facilities. This system has been introduced in all agricultural areas in the Provinces.

Livestock, pig and poultry production are also important agricultural activities. The country's livestock consist of cattle, goats and sheep, concentrated in the savannah areas in the North-East.

Other areas with great potentials but which have received little emphasis are Fishing and Forestry.

MINING

Sierra Leone is very rich in mineral resources and derives a substantial part of its revenue from the mining of minerals, most important of which is diamond. Mineral exports contribute about 70% of total exports, diamonds accounting for about 60%.

Sierra Leone's mining history dates back to the early 1930's when the Consolidated African Selection Trust—the parent Company of the former Sierra Leone Selection Trust—undertook mining operations in the North-Eastern Province of Sierra Leone in the Kono District.

The Sierra Leone Selection Trust was granted a monopoly to mine diamonds in the country in 1935. This gave the company the exclusive right to prospect for, produce and market diamonds.

In 1955, by agreement with the Government, this monopoly was withdrawn and the company was requested to define two mining leases in the Kono and Kenema Districts, Yengema and Tongo respectively. This was thought necessary due to the upsurge of illicit diamond mining at that time.

In 1970 the Government acquired through negotiations with SLEST a 51% majority interest in the diamond mining operations.

Consequently the National Diamond Mining Company (Sierra Leone) Limited or 'DIMINCO' was formed to mine diamonds within the Yengema and Tongo Mining leases.

Open cast mining by Dragline machines is the mining method practised, and on average some thirteen different mining sites are operating simultaneously throughout the two leases.

Over the last few years, it has been discovered that alluvial mining is no longer as productive as before and that production by DIMINCO is dwindling. Production declined from 435,491 carats in 1976/77 to 380,660 carats in 1977/78 to 305,600 carats in 1978/79. The company, however, hopes to embark on Kimberlite Mining in the not-too-distant future and this is expected to give a longer lease of life to the mines.

The Government has taken positive steps to contain smuggling by reducing the export duty on large gem stones (weighing 14.8 carats and over from 7% to 21%).

This move by the Government, coupled with the impact of high price movements in the diamond trade in the world market resulted in an increase in diamond exports from Le101.3 million in 1977/78 to Le117 million in 1979.

The Sierra Leone Ore and Metal Company (SIEROMCO) owned by the Swiss Consortium, ALUSUISSE has been mining bauxite in Sierra Leone since 1963.

Exports of bauxite virtually remained on the same level of 673,000 metric tons in 1977/78 and 1978/79. The value however rose from Le6.6 million in 1977/78 to Le10.8 million in 1978/79 as a result of higher prices obtained in the world market.



Alluvial Diamond Mining

BUSINESS RA LEONE

An interesting opportunity for a minority holding in a sub-contractor of their particular field, plus warehouses and West Germany; plus markets.

Sales in the financial gross profits of £160,000 include be willing to pay £100,000 for the director's remuneration.

The sum required £160,000 include be willing to pay £100,000 for the director's remuneration.

Enquiries to Mr. David House, London.



The Rutile Processing Plant

The decline in volume of mineral production has continued for 1979/80 but the maintenance of high prices has continued to shield the economy from the full effects of falling production.

The Government is presently engaged in negotiations with Alusuisse for the Port Loko Bauxite deposit and the establishment of an alumina plant.

Until 1975, Iron Ore was mined in Sierra Leone, and was the country's second largest foreign exchange earner.

The Iron Ore Company—DELCO—ceased operations in October of that year and closed down due to reasons which were described as "technical".

In March "Austro-Mineral", a mining subsidiary of Austria's state owned Iron and Steel Industry signed a management contract with Government to rehabilitate the Iron Ore mines within the next three months. The new company is expected to be 100% government owned and Austro-Mineral will act as manager and sales agent on competitive market conditions.

The rutile mining company, Sierra Rutile Limited, started production in March 1979 after a full of five years and the first shipment of 7,000 tons was exported in November 1979. The company which took over the lease area formerly held by Sherbro Minerals, which pulled out in 1971, has constructed a new dredge and wet processing plant, and production capacity is put at 100,000 tons per annum.

Approximately \$80 million have been invested in the company by the parent body, Bethlehem Corporation, and Nord Resources. Some of this amount also represents loans from the U.S. Government, EXIM Bank and other financial houses.

Sierra Leone is a member of the International Bauxite Association (IBA) and the Association of Iron Ore Exporting Countries. She is thus able to co-operate with other mineral producers to optimise the benefits derived from her mineral resources.

FOREIGN TRADE

Foreign Trade plays an important part in Sierra Leone's economy. The country's exports are mainly raw materials with the mining sector claiming the lion's share of about 78.4% of the total value of exports, diamonds alone accounting for 61.8% of this total. The share of agriculture in the total value of exports is about 21.6%.

Exports consist of seven commodities; diamonds, bauxite, rutile, palm kernels, cocoa, coffee and ginger.

The Sierra Leone Produce Marketing Board (SLPMB) is the statutory Agency with the sole monopoly for the marketing of export crops and fixing producer prices. It buys produce from farmers at fixed prices each buying season and then sells in overseas markets at the best prices, obtaining at the time.

In years of buoyant prices, the Board tends to accumulate surpluses which in turn are used to support prices paid to farmers during periods of depression on the world market commodity fixtures.

This high concentration of exports makes the economy highly dependent on the prices dictated by the foreign buyer which is determined by the principle of supply and demand existing at the time of commodity trading.

Periods of declining export receipts such as 1965/66-1967/68 and 1970/71-1971/72 and 1977/78 were periods of economic stagnation, while a period of rapid increasing exports such as 1967/68-1969/70 was also a period of rapid economic growth. Similarly, the commodity price boom which started in 1976 and continued through the first half of 1977 gave a great boost to earnings in the agricultural sector thereby easing the strain on the balance of payments for the period 1976/77.

Total exports for 1978 amounted to Le158.2 million, while imports were in the region of Le290.8 million (f.o.b.), resulting in a Trade Deficit of Le132.6 million.

Sierra Leone is a large importer not only of intermediate goods (raw materials used in the production of final output) and capital goods but also of consumer goods. In 1979 imports consisted of manufactured goods, food, machinery and transport equipment, miscellaneous manufactures, fuel and lubricants, chemicals, beverages and tobacco, and crude materials.

TOURISM

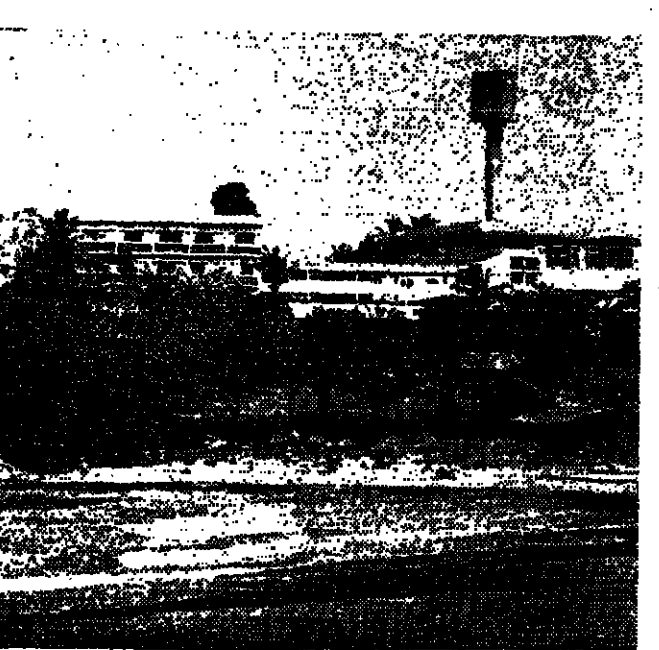
Sierra Leone's principal tourist attractions are its warm coastal waters, clean sandy beaches and first class hotel accommodation.

The country itself has a unique beauty with a contrast of forest-clad mountains, fertile plains, shining rivers and hospitable climate.

Freetown, the capital, is built at the base of a spectacular mountain range, and perched on the summit are Fourah Bay College on Mount Aureol and the T.V. Transmitting Station at Leicester Peak. On the coastline of the capital are long stretches of silvery fine sand and in the background are lush green hills rising from the coast. One of the most relaxing car drives is the 66 mile circular tour of the Peninsula, covering some of the country's finest scenery, with beach stops for bathing and picnicking.

Less than fifteen minutes drive from the centre of Freetown is one of the most popular beaches—the three-mile long Lumley Beach (claimed the most beautiful anywhere in Africa). At its far end stands Cape Sierra Hotel, and next to it is a Casino.

The 200-bed Hotel Mamy Yoko stands on a prominent site at Lumley Beach opposite the Palm Beach Restaurant. The imposing 150-room Hotel Buntumani at the top of Aberdeen Hill adds to the picturesque scenery in the area. This hotel offers very splendid views, a modern conference



The Cape Sierra Hotel

centre capable of housing international conferences, restaurant and swimming pool.

Sierra Leone offers a variety of sports and recreational facilities and Freetown, the capital, offers facilities for fishing, water skiing, surfing, harpooning, boating, badminton, football, lawn tennis, golf and rugby.

Although lacking the big game of the East African Plains, wild life in Sierra Leone is still plentiful and diverse. The list includes forest elephant, bush pigs, chimpanzees, baboons, colobus monkeys, leopards and civet cats. In the far north, pygmy hippos are occasionally seen. Non-hunting forest reserves in the Loma Mountains (320 mls. from Freetown) boast of some unusual bird species including reppell's griffin, caribler's eagle, francolin, orotian etc. At Lake Sonfon (200 miles from Freetown) are bush bucks, antelopes, green magpies and diama monkeys, baboons, warthogs, bush pigs, buffaloes and elephants, as well as harlaub's ducks, white-faced tree ducks, green fruit pigeons, and a number of other bird species. There are several species of snakes including cobras, pythons, vipers and mambas. A game reserve has been established at Mamunta in the Tonkolili District covering an area of 12 square miles.

There are many historic buildings and monuments in Freetown, one of which is the famous "Cotton Tree" believed to be well over 500 years old. It stands in the centre of Freetown, and serves as a landmark of the country. Near this historic tree is the National Museum which houses some of the country's distinctive and ancient relics, sculpture, arts and crafts. Further from the Museum coastwise is the famous King Jimmy Market on which grounds the historic De Reuter Stone lies buried.

The City has a striking combination of old Victorian type architecture and beautiful modern buildings some of which decorate the city's skyline. Among the oldest prominent buildings in Freetown are the Law Court Buildings at Siaka Stevens Street, and St. Charles Church at Regent.

The Provinces are equally rich in tourist attractions. The Buntumani Mountains in the Koinadugu District and the Tingi Hills in the Kono District rise over 6,000 feet and present a challenge to the adventurous mountain climber. In the central part of the Hinterland are the Sula and Kangari Hills rising to a height of about 3,000 feet. There are also the

picturesque Lake Sonfon in the Koinadugu District, Yelkiboya Island in the Kambia District, the Beikongo Falls in the Kono District, and the Bumbuna Falls in the Tonkolili District which have been earmarked for the country's new hydro-electric power project.

York village in the Peninsular houses the "Fort Water Cave", while the Buncie Island fortress, used for harbouring slave cargo destined for Europe and the Americas during the slave trade, give the historians food for thought.

There are a variety of self-help projects aimed at community development and these are of tremendous interest to the visitor. The most popular is the Maforki Self-Help Projects at Port Loko in the Northern Province.

Coach tours are provided by the Ministry of Tourism and Cultural Affairs, Sierra Leone Airways and Yaback Travel Agencies. These are available at fairly cheap rates, as well as privately owned mini buses locally named "poda poda." The capital and main towns in the Provinces are served with regular bus services operated by the Road Transport Corporation. The internal services of Sierra Leone Airways offer daily flights from Hastings Airfield near Freetown to Bo, Kenema and Yengema with flag stops at Gbangbatoke and Tongo Field with twice weekly flights to Bonthe.

COMMUNICATION

One of the sine qua non of economic development is a modern road network linking towns and villages to facilitate the flow of people, goods and services between country and city.

In recent years, Sierra Leone's achievements in road development have been spectacular. Modern highways have been constructed in many areas in the capital and the provinces, and several bridges have been built. The Congo Bridge in the capital links the West Urban part of Freetown with the city centre, while the new Freetown/Waterloo Road opens up the city centre to the urban east as well as to the Provinces. The Mange and Kambia bridges have opened a new link road with neighbouring Guinea while the historic Mano River Bridge links Sierra Leone and Liberia. The Government of the Federal Republic of Germany has given considerable assistance to the country's road development efforts.

Major bus service and road haulage are the responsibility of the Road Transport Corporation which was constituted in April, 1965 to operate road transportation throughout the country at cheap rates.

The International Airport is located at Lungi, which is about 2 hours journey from Freetown including a refreshing ferry crossing on the Sierra Leone River.

The airport, known as Freetown International Airport, is served by European and African airlines including Air Mali, Sierra Leone Airways, British Caledonian, Ghana Airways, Nigeria Airways, UTA, KLM, Air India, Czechoslovakia Airlines, Cubana Airline, Air Afrique and Air Guinea. The airport provides an all round 24-hour service. All aircraft enter and take off at the Freetown International Airport which has full Customs, Immigration and Port Health facilities.

Sierra Leone Airways is the country's National Airline and is operated jointly with British Caledonian. It operates a twice-weekly service to London (Gatwick), and a domestic service between Freetown and the principal provincial towns.

SHIPPING AND PORT FACILITIES

The Sierra Leone Ports Authority, which was established in 1965, plays an important role in the communication network. It handles all ships coming into the country and maintains a first class harbour at Freetown's Queen Elizabeth II Quay, acclaimed the most natural harbour in the World.

The container system of handling cargo introduced by the Ports two years ago has proved very popular and provides for better security in the handling of cargo. Stevedoring, another aspect of cargo handling which was originally undertaken by the Sierra Leone Shipping Company, has been recently taken over by the Ports Authority.

The Authority also keeps multi-harbour purpose tugs, and operates an efficient ferry service between Freetown International Airport, Lungi, and the capital, Freetown.

The Sierra Leone National Shipping Company, a shipping line with 60 per cent Government's interest was formed in 1972 with the objective of owning and maintaining national vessels and thereby provide employment for the large number of sea-going men available in the country.

POST AND TELECOMMUNICATIONS

Sierra Leone's internal telecommunications system is manned by the Post and Telecommunications Department. The Post and Telecommunications Department has a total of 12 automatic telephone exchanges, evenly divided between Freetown and the provinces with a total installed capacity of 11,600 lines. The total capacity in the Freetown area is 9,900 with a total installed capacity of 300 lines. The automatic exchanges have full subscriber trunk dialling facilities and are connected by microwave radio links, spanning a distance of 416 miles. The microwave links provide telephone and telegraph circuits between Freetown and the main provincial towns of Bo, Makeni, Kenema, Magburaka and Koidu. The trunk telephone has a capacity for 120 telephone channels between Freetown and Bo via Makeni, and 300 channels between Makeni and Koidu. There are plans to improve and extend the service further and provide efficient telephone links with neighbouring Guinea and Liberia within the framework of the Pan-African Telecommunications network.

The Central Post Office is located at Siaka Stevens Street in Freetown. There are a total of 34 post offices and 81 postal agencies throughout the country, all of whom conduct savings bank business.

SIERRA LEONE EXTERNAL TELECOMMUNICATIONS (SLET)

The Sierra Leone External Telecommunications Ltd. (SLET) provides radio telephone cable and telex facilities from Freetown to most parts of the world. A Standard "B" earth Satellite Station constructed at Wilberforce has increased the Company's original 14 channels of communication to a maximum of 70 and facilitates increases of lines to London by 3, to France by 2 and to Lebanon by 2.

The station is also equipped with television receiver capabilities in addition to voice circuit services which could be exported to facilitate an extension for SLBS/TV transmission on the existing broadcasting system.

The Company's operations are conducted from two main centres in Freetown: the Central Telegraph Office at Wallace Johnson Street and the Wilberforce Radio Station at Wilberforce. The Central Telegraph Office functions as an interface for subscribers and the radio station. It also serves as a terminus for telephone, telegraph, telex and leased circuits. The radio station is a common site station which is

linked to the Central Telegraph Office by land lines and radio links.

SOCIAL SERVICES

Education

The Government's avowed policy in the education sector is to provide the children of Sierra Leone with an education that will prepare them to be useful citizens and to make an effective contribution towards national development.

The Government is progressively working towards a policy of free education in order to allow for equal opportunity in education for all children.

In 1978, school fees were abolished in classes three, four, five, six and seven in all primary schools. The ultimate goal is to maintain high quality education throughout the country at considerably reduced costs particularly in the matter of text books, fees and uniforms.

The formal education system is a tri-level structure which is pyramidal in shape. The primary education system comprises pre-primary, i.e. Nursery and Infant Education, and Primary Education.

For primary schooling, class seven is the terminal, where pupils take the Selective Entrance Examination for entry to secondary schools. The age for primary schooling is between five and eleven. According to the 1977/78 statistics there were 227,515 children attending, the 118 primary schools throughout the country.

The secondary school system caters for children between twelve and nineteen years of age and spans a five-year period i.e. from form one to form five.

The pattern of general secondary education which has been diversified and some secondary schools are presently undertaking Commercial, Agricultural, Technical and Vocational subjects. The programme prepares candidates for Pitmans, Royal Society of Arts (R.S.A.) and City and Guilds examinations. Some schools offer internal courses in Home Economics leading to the WAEC/O' Level Exams.

The number of pupils attending the country's 132 secondary schools numbered 53,897 in the 1977/78 school year.

The tertiary level of the educational system comprises all the institutions, entry to which some degree of secondary education is required. Among these institutions are Technical Institutes, Trade Centres, Teacher Colleges and the University of Sierra Leone. These institutions prepare both middle level and upper level manpower necessary for national development in all its manifold facets.

Technical education is provided in the two Technical Institutes in Freetown—Kenema and the two Trade Centres in Freetown and Magburaka. There are also technical training programmes in some mining and industrial companies.

Teacher Training at non-University level is provided at six teacher colleges which include five primary teacher colleges and one Secondary Teacher college, the Milton Margai Teachers' College.

The University of Sierra Leone incorporates the 150-year-old Fourah Bay College, for many years Africa's only institution of higher education South of the Sahara, Njala University College and the Institute of Education.

Fourah Bay College houses the faculties of Arts, Economics and Social Studies, Pure and Applied Science, and Engineering, the Institutes of African Studies, Marine Biology and Oceanography, the Radiosotope and Demographic Units and the Department of Extra Mural Studies. Njala University College which was set up in 1964 as an Agricultural College has established three basic faculties, Agriculture, Home Economics and Education.

The Ministry of Education co-ordinates Adult Education Programmes through the National Literacy Committee.

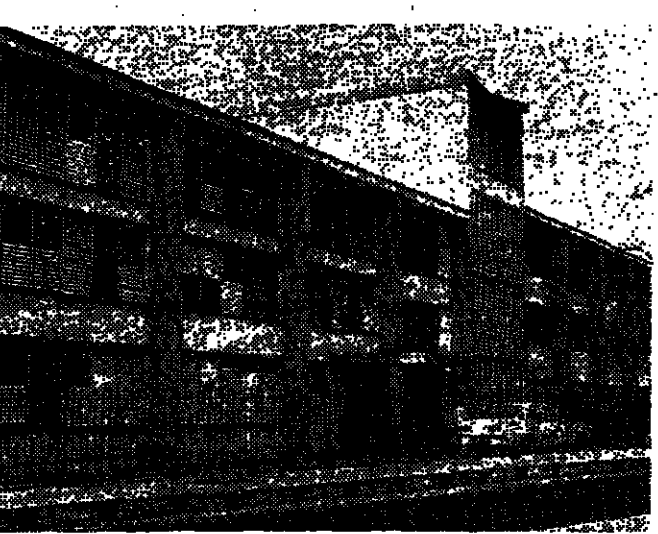
Health

In keeping to the goal of the World Health Organisation to have primary health care established in all countries by the year 2000, the Government of Sierra Leone has launched a programme to raise the level of health of its people by extending health services to the entire population. The goal is to increase national productivity and promote the well-being of the people, particularly the least-favoured groups, within the shortest possible time.

The National Health Plan aims at establishing at least one health unit, a health centre, dispensary, or treatment centre in every chiefdom in the country.

Presently, a project is under way in Mapaki, Paki Masabong Chiefdom in the Bombali District to train primary health care workers in the disciplines of maternal and child health, first aid and environmental health.

There are a total of 44 government hospitals, 39 health centres, 51 dispensaries and 30 maternal and child health centres throughout the country. A few private hospitals owned by Private Medical Practitioners could also be found in Freetown and some parts of the Provinces.



The Princess Christian Maternity Hospital

Although health services are primarily a function of government, considerable health work is carried out by non-governmental agencies, notably missions, especially in the Maternal and Child Health and Leprosy fields. Mining companies maintain health services for their employees and their families.

Re-organisation is going on in most government health institutions and Central Laboratory is being constructed at the Connaught Hospital, the main general hospital in Freetown. Laboratories have also been built in each government hospital in the districts and hospital management boards are to be set up to ensure more efficient medical services.

With assistance from the EEC, government will soon embark on a programme for the development of integrated medical education and training. A para-medical school has been set up in Bo, and a department of Community Medicine is to be established at the University of Sierra Leone.

The Government Nurses Training School which turns out competent nurses every year to man the hospitals caters for male and female students who enrol for the Certificate of State Registered Nurse (SRN) and the State Enrolled Nurse (SEN).

Community Development

Sierra Leone as a developing country has made encouraging strides in its Social Services.

The National Policy for Community Development and Social Welfare aims at ensuring a balanced approach to economic, social and cultural development by creating an awareness of the individual's needs, and stimulating and motivating him through the spirit of self-help to discover and widely use the country's human and natural resources for development.

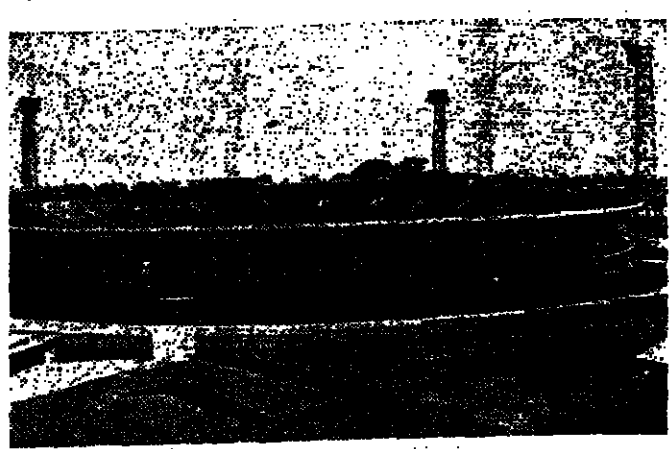
The Department of Community Development and Social Welfare which is part of the Ministry of Social Welfare and Rural Development works closely with non-governmental bodies such as the Peace Corps, Catholic Relief Services (CRS), church missions, Cooperation For American Relief Everywhere (CARE), the Sierra Leone Muslim Women's Benevolent Society, church organisations and the Young Women's Christian Association (YWCA) in implementing community development projects. There is also collaboration with other government ministries, in particular the Ministries of Health, Agriculture and Natural Resources, Information and Education.

The Department undertakes projects like the construction of feeder roads and bridges, schools, social centres, pit latrines, digging of wells and provision of pipe-borne water supply. Family Nutrition programmes are planned for the welfare of children, pregnant and nursing mothers as the

vulnerable groups to overcome the very high rate of infant mortality. Mobile Under-Five-clinics are run in conjunction with the Ministry of Health and CRS, and demonstrations on general hygiene and sanitation are carried out in the homes and villages.

Probation work is administered amongst children in need of care and protection, young offenders at Approved Schools and Remand Homes. The Department also runs the King George VI Memorial Home for paupers, and the Farmcraft Training Centre for the Blind at Kenema, Eastern Province. This centre offers a year's training in handicraft and gardening to blind adults in the rural areas.

The Department of Community Development also runs a Beninix project producing high-protein food for weaning babies. The programme was started with joint sponsorship from UNICEF and FAO and is based in Bo, Southern Province.



The 40,000-seat Siaka Stevens Stadium

INVESTMENT OPPORTUNITIES

The Government of Sierra Leone is anxious to utilise its economic resources by encouraging investment in the private and public sectors with the desire to boost intermediate technology in the rural areas of the country.

Foreign investments are welcome as every effort to ascertain that the aspirations of investors to meet current demands of the Republic are met with full support and positive action by government at all times.

President Siaka Stevens declared in a policy speech of June 22, 1973 that Foreign investors can rest assured that their interests will always receive adequate protection.

The Government has enacted new laws and measures to improve the investment climate. Provisions are available through which investors receive maximum cooperation from institutions created by government for better understanding in the fields of Commerce and Industry. Continued expansion of the country's infrastructural programmes have increased so as to accelerate economic activity. Over a dozen new roads to the hinterland, in particular, to the agricultural and mining areas, have been constructed and considerable improvement has been made to existing ones.

In various parts of the country water supplies have been provided; telephone and telex facilities extended; massive capital investments made to ports; air services rapidly expanded; and more essential services made available.

It is the Government's avowed intention that the creation of these facilities will encourage foreign investors to recognise the advantages offered.

Sierra Leone has played a leading role in educational achievements in West Africa, thus providing a reservoir of skilled personnel. As communication is established with neighbouring countries—Liberia and Guinea, industrial expansion should take on an international dimension.

The primary aim of the Government is to encourage the participation of foreign companies either in partnership with the Government or independently. Already the Government has entered into a partnership agreement in diamond mining. The Government is particularly anxious to encourage the growth of industries using local raw materials, especially those closely connected with agricultural development: furniture, for example, is manufactured from local timber; soap is made from palm kernels; juices are canned from citrus fruits; tobacco is supplied to cigarette manufacturers and very soon the sugar industry will commence operations using locally grown cane sugar. Investment is particularly welcome in areas where development of local industry helps to reduce dependence on imported goods.

It is evident that as the production of such commodities as coffee, cocoa, rice, sugar, fruits, ginger and groundnuts increases, the opportunities for processing, refining or canning industries are constantly expanding.

A flourishing tourist industry exists, and Sierra Leone's excellent beaches, first class hotels and natural beauty as well as the recently established Game Reserve offer unlimited opportunities.

Foreign investment is largely governed by the Sierra Leone Development Act currently under revision. The Act provides for tax holidays varying from two to five years according to risk and size of investment. Over 40 industries and manufacturing enterprises have taken advantage of these concessions.

There is a growing industrial estate available just outside Freetown—The Wellington Estate on the Freetown-Waterloo Road. This area is supplied with good roads, water, electricity, telephones and banking services. A number of small to medium industries are already operating successfully, thereby providing a base from which industry can readily expand.

SOME INVESTMENT INCENTIVES

* Exemption from import duty on raw materials up to 90 per cent of the dutiable value of such imports; total exemption from import duties on machinery and construction materials;

* Exemption from income tax for a period which will depend on size, scope and nature of the investment;

* Special incentives for profit reinvestment; special incentives for exports; tariff protection and restriction on competing imports. Deferral of depreciation allowance until the end of the tax holiday period.

THE WAY FORWARD

Over the last 12 years, Sierra Leone has been one of the most stable countries in the African region. This period has seen it emerge from an independent state under monarchical rule, through complete sovereignty with the attainment of republican status in 1971 to the adoption of a One Party Constitution in June, 1978 in keeping with the wishes of the people as revealed in the results of the One Party Referendum which recorded 95 per cent support for the singular party system.

With the absorption of several hitherto opposition party members into the fold, many of whom today hold prominent positions in the political and governmental areas, the country is poised for greater achievements in development in an atmosphere of peace and stability.

Accelerating the pace of development are the projects being undertaken for the OAU Summit scheduled to be held in Freetown July 1-4. An estimated Le100 million is being expended on the projects which include the OAU Village Summit and which will later be part of the Housing Scheme for government workers, a new jetty at Government Wharf; expansion and modernisation of the government-owned hotels; a modern conference centre with first class conference facilities; extension and modernisation of the airport; the installation of traffic and street lights; improvement to the telephone system; widening and resurfacing of roads in the City and improvement to Hill Station Hospital.

These projects will improve the infrastructure needed to boost the tourist industry, create job opportunities and give a general face-lift to the City.

A one-year Public Investment Plan (1979-80) aimed for an investment of Le121,075 million as a stop-gap between the five year development plan (1974-79) and the new five-year plan which is expected to be launched next year. The plan places emphasis on agriculture, tourism development, education and health.

For further information please contact:

Ministry of Information
Freetown
Sierra Leone.

Technical Page

INSTRUMENTS

Measures accurately

WHERE THE dimensions of complex machined parts have to be measured accurately and quickly the PMM 864 co-ordinate measuring machine, capable of probe placement anywhere in a volume of 800 x 600 x 400 mm, allows the work to be carried out with minimum time spent on setting up for each new type of component.

Available from E. Leitz (Instruments) of 45 Park Street, London E1 3EP (0532-413811), the granite-constructed instrument has a resolution of 0.5 micron and an accuracy of 3.2 microns over 900 mm (at worst). The slides use air bearings in all three axes giving fast response and high positional accuracy of the probe under joystick or automatic control.

To instruct the machine for a particular component the computer is put into the "learn" mode. Dimensions can then be entered by manually measuring a perfect component or can be keyed in with CRT screen assistance as co-ordinates from an engineering drawing.

Once programmed the active head touch sensor can be put under automatic control.

For each reading the head makes a fast approach to within 0.1 mm of the expected position, moves slowly such that the correct probe force is reached, records the measurement and moves clear for the next measurement.

Results appear on a high speed printer and include dimension number, x, y, z angle and diameter data, the actual dimension and tolerance.

A measuring programme is also available which constantly probe contact is maintained for profile examination.

Digital voltmeter

AIMED AT the producers of aluminium, zinc, chlorine and other industries where large currents are involved, a digital voltmeter from Dunford Hapburn has a three digit gas discharge display and derives its power from the measured source.

At the Alcan primary aluminium smelter at Lynemouth, Northumberland, the units are being used as a direct replacement for analog moving coil meters; thus, more modern digital displays can be employed without incurring problems of insulation from the series-connected "pots" where kilovolt levels to ground may be present. A further advantage is that the meters can be interfaced with microprocessor based control systems. No batteries or independent power sources are needed.

The meters can be custom built for specific applications and, for most types of electronic processes, a range of alternative displays and outputs can be incorporated.

More from Dunford Hapburn, City Road, Newcastle upon Tyne, NE1 2AF (0632 21127).

Low weight X-ray unit

BALTEAU'S latest addition to its industrial generators is the Baltospot GP 200.

This 200 kv, 8mA unit has an excellent power/weight ratio and its lightweight tube head weighs only 21 kg. It is of a new design based on medium frequency technology.

The high current rating of 8mA allows shorter exposure times than most other portable X-ray units. The tube head has gas insulation, which, in addition to being lighter than oil, allows for easier servicing.

PROCESSING

Cleans and degreases

SMALL- and medium-size components such as screws, nuts, bolts gear wheels and so on can be degreased and cleaned in quantities ranging from 150 kg to 3,000 kg an hour by the newly introduced Silvi range of machines.

Designed in Italy, the rotary drum machines are to be marketed by Page Beken of Taplow, Berks, in association with R.H. (Maidenhead) Engineering Co.

There are five models and feeding hoppers, loading hoists both electric and hydraulic, belt or roller feed conveyors, can be fitted to suit requirements. Cleaning is effected by hot spray wash, hot or cold rinse, and hot air drying. Heating can be provided by electricity, steam, water, gas, oil or combinations of these.

Full details can be obtained from Page Beken, 9 Wellbank, Rectory Road, Taplow, Maidenhead, Berks. (062 86 3513).

DATA PROCESSING

Norwegian subsidiary set up in UK

WIDELY HELD for many years the idea that it has been possible to start and grow a computer manufacturing company only in the U.S. is certainly refuted by Norsk Data of Oslo which now has a turnover approaching £25m and has just announced the formation of a subsidiary company in the UK.

This minicomputer company already has subsidiaries in Sweden, Denmark, France, Germany and the U.S. and expects shortly to have new premises in the Reading/Oxford area where Norsk Data (UK) will be headed by Richard Norton, who previously ran a distribution agency for the Norwegian machines.

Since its 1967 start with three defence industry employees, the company has introduced four machines of which nearly 1,500 have now been sold, nearly all in Europe and about a half in Norway where the company is supplying, for example, 130 minis for ticket sales applications at all the country's railway stations.

Company president Rolf Skar attributes much of the company's progress to its employment policies which involve both equity and profit sharing. The turnover per employee is now about £48,000 and the employment turnover rate is under three per cent; in the U.S. the figures are said to be about £26,000 and 25 per cent respectively. But he also insists on both technical and managerial excellence — all the founder members of the company went through MIT. He reckons to be able to develop a new product in under three years as opposed to under five in the big computer companies, and so far has had no need to borrow money from anywhere; all growth has been internally funded.

Norsk Data's latest model, the Nord-500 was launched last summer and first deliveries, to CERN, will be in June. Since the launch some 40 orders have been taken.

This 32-bit machine offers four Gigabytes of addressing space, multiprogramming, partitioned cache memory, forward fetch, multipoint memory and

the same Sintran operating system of all previous models. It is interesting in making use of a previous machine, the Nord 100, built in as an input/output processor, releasing more power for the user.

Marketing effort in the UK is to be aimed at the educational, process control, simulation, commercial, medical and also the OEM market where new agreements have been written which will give OEMs a more satisfactory deal. Complete hardware and software support is to be provided.

More from the company at Nord House, 17 Balfe Street, Kings Cross, London N1 9EB (01-278 5501).

COMPONENTS

Aluminium tension cells

DESIGNER AND manufacturer of advanced strain gauge transducers and associated electronics, Mesurand International has introduced two low cost ranges of aluminium-bodied, very high accuracy tension load cells covering the ranges 0-5, 0-10, 0-50 and 0-100kN.

Designated Series 4-7310 and 4-7320 the devices follow the earlier launch of the Series 4-3100 and 4-3200 totally welded sealed tension cells and have an identical stainless steel transducing element.

Based on bonded resistance strain gauge technology and using a high performance, stainless steel, circular cross section tension column system for accuracy and reliability, the devices also have aluminium shells with rolling seals to meet the needs of most process plant and similar environments. Main application areas are in chemical and petrochemical processing, food manufacturing plants and general industry.

Be in control with

THORN AUTOMATION

Rugeley Staffs, England

Controls for industry

SERVICES

Compressed air supplied quietly

DESIGNED FOR use in areas where noise must be kept to a minimum, the latest air compressors produced by IMI Fluidair are fitted with electronic control systems.

Lamps indicate when oil is required or needs changing, when the cooler requires cleaning and when the drive motor is overloaded. There is also a total running time counter, a shut-down time control (limits unloading running) and a mode switch (to set continuous or automatic stop/start operation).

The electrically-powered compressors have capacities ranging from 52 to 210 cubic feet per minute at output pressures of 100 psi (single stage) or 150 psi (two-stage).

These rotary sliding vane compressors are fitted with acoustic hoods which lift like car bonnets. Sound readings are said to be in the range of 67-72 dbA at 1 metre.

IMI Fluidair's works are at Radcliffe, Manchester M26 0JB. (061 733 2421).

Sonar data displayed in colour

UDI GROUP of Aberdeen has been selected as winner of a special merit award for engineering innovation by the U.S. energy publishing house of Petroleum Engineering International.

The award is for development of a colour video system of displaying sonar data. The presentation of the award took place on the company's stand at the Offshore Technology Conference and Exhibition in Houston, Texas, on May 5.

UDI Group of Aberdeen, part of the CIE Group of companies, is a specialist in the development and application of underwater survey and inspection systems; remotely controlled heavy-duty subsea vehicles such as the "Seabug" and underwater communications systems.

The company's development, in collaboration with Shell (UK) Expro, of the world's first system for the display of sonar data in a standard colour video format represents 'one of the most significant advances to date in the display and recording of geophysical data.'

The traditional systems for displaying data from sonar equipment are standard oceanographic paper records which, although becoming more sophisticated, have severe limitations because their basic principles are mechanical rather than electronic.

UDI's invention, using microprocessors, converts the incoming sonar data to a high speed format which can be successfully presented in video. Even more important, however, is the fact that this allows the use of colour as opposed to monochrome for the first time.

Conventional oceanographic data records print out their information using what is known as the "grey scale." In other words the differing amplitudes of the incoming sonar signals are recorded on the paper trace in 16 varying shades of grey. The minute differences between the shades are not easily distinguished and the interpreter thus may have considerable difficulty in achieving accurate interpretation of the data.

The colour video sonar system's other major advantage is its ability to allow magnification of any section of the displayed data. Any section of the display can be magnified by the power of two, four, eight or 16, without any degradation of the original signal.

This facility can be used with a split screen display to allow one sector of the terrain data to be looked at in magnification on part of the screen, while the other part displays the whole sector under review. UDI believe that the advantages this type of display confers, especially in pipeline surveys, will allow much more effective interpretation and easy identification of trends such as sub-pipeline scouring.

UDI, Woodside Road, Bridge of Don, Aberdeen, 0234 705050.

HANDLING

Accurate even when vibrating

LATEST INDUSTRIAL balance from Mettler, available in the UK from Gallenkamp, is the PK80, a precision electronic model able to weigh up to 60 kg to an accuracy of 1 gram.

The balance is designed with industrial environments in mind, having a rugged housing which protects the interior against dust and splashed water.

It also has an adjustable integration time switch which makes the instrument largely insensitive to the kind of vibration frequently encountered on shop floor, stores areas and so on. Damage to the high performance weighing cell is prevented by an overload protection device.

Connected to suitable Mettler terminals (KG 40 or 41) the balance can be used for quality assurance work and can produce data outputs for connection to a printer or remote display unit.

PK80 is also equipped with a data interface for direct connection to the data communication system offered by Mettler.

Gallenkamp is at P.O. Box 290, Christopher Street, London EC2P 2ER (01-247 3211).

How can you measure the top 500 companies and exclude these?

- | | | | |
|---|---|--|---|
| American Telephone & Telegraph
Sears Roebuck
Engelhard Minerals & Chemicals
Safeway Stores
Kmart
Aetna Life & Casualty
J.C. Penney
Citicorp
General Telephone & Electronics
BankAmerica
Kroger
Travelers
Halliburton
FW Woolworth
Great Atlantic & Pacific Tea
Chase Manhattan
Lucky Stores
Federated Department Stores
Household Finance
Connecticut General Insurance
City Investing
Winn-Dixie Stores
American Express
INA
Pacific Gas & Electric
Trans World
Coastal Corp
Federal National Mortgage Association
Transamerica
Southland
Manufacturers Hanover
UAL
Loews
American Stores
Jewel Companies
J.P. Morgan
Schlumberger Limited
Fluor
Super Valu Stores
Dayton-Hudson
Continental Illinois
Consolidated Edison
Foremost-McKesson
Chemical New York
Continental Corp
American Airlines
Burlington Northern
Pullman
United Energy Resources | Southern Company
El Paso
May Department Stores
Texas Eastern
Eastern Air Lines
Columbia Gas System
American Electric Power
Bankers Trust New York
Commonwealth Edison
Western Bancorporation
Albertson's
First Chicago
Southern Pacific
IU International
Southern California Edison
Santa Fe Industries
Fleming Companies
American Natural Resources
InterNorth
Pan American World Airways
Lincoln National
Peoples Energy
Security Pacific
Delta Air Lines
Public Service Electric & Gas
Carter Hawley Hale Stores
Supermarkets General
Tesoro Petroleum
American International Group
Beneficial Corp
Rapid-American
Allied Stores
ENSERCH
Pacific Lighting
Seaboard Coast Line Industries
US Fidelity & Guaranty
Wickes
R.H. Macy
Figue Industries
Gamble-Skogmo
Merrill Lynch
Consolidated Natural Gas
American Hospital Supply
Melville
Wells Fargo
Consumers Power
ARA Services
Missouri Pacific
Panhandle Eastern Pipe Line
Florida Power & Light
Avco
Alco Standard
McDonald's
American General Insurance | Stop & Shop Companies
Chessie System
Houston Industries
Middle South Utilities
Houston Natural Gas
Dillon Companies
United Telecommunications
Associated Dry Goods
St Paul Companies
Texas Utilities
Crum & Forster
Consolidated Freightways
Virginia Electric & Power
Detroit Edison
Amfac
Texas Gas Transmission
Foster Wheeler
Pittston
First National Boston
Malone & Hyde
Castle & Cooke
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As of the close of business on June 22, 1979, J. Henry Schroder Bank & Trust Company (the "Trustee") was appointed Successor Trustee under the Indenture dated as of April 1, 1978 (the "Indenture") with Itel Finance International N.V. (the "Company") as the Issuer.

Under Section 301 of the Indenture it is provided that the Debentures issued thereunder shall bear interest from their date at the rate of 9 3/4 % payable annually on April 1 in each year. The Company failed to make the payment due on April 1, 1980 and, accordingly, there was a default in the payment of interest. Under Section 501 of the Indenture, a default in the payment of interest upon the Debentures when such interest becomes due and payable becomes an "Event of Default" when such default continues for a period of thirty (30) days. More than thirty (30) days having passed since the default in the payment of interest on April 1, 1980, this failure has become an "Event of Default". Section 502 of the Indenture provides that if an Event of Default occurs and is continuing either "the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Debentures may declare the principal of all the Debentures to be due and payable immediately by a notice in writing to the Company and the Guarantor (and to the Trustee if given by Holders) and upon such declaration such principal shall become immediately due and payable."

Section 502 of the Indenture states as follows:

The Holders of a majority in principal amount of the Outstanding Debentures shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that:

- (1) such direction shall not be in conflict with any rule of law or with this Indenture;
 - (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and
 - (3) the Trustee need not take any action which it determines might be unjustly prejudicial to the Holders of Debentures and coupons not joining in the giving of such direction.
- Section 501(c)(3) and (4) provides that:
- (3) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Debentures relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and
 - (4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Debentureholders are referred to the Indenture for a more complete description of the rights of Debentureholders and their remedies subsequent to an occurrence of an Event of Default. Copies of the Indenture are available for examination at the Corporate Trust Office of the Indenture Trustee during normal business hours. The Debentureholders are further referred to the most recent "Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934", Form 10K, "the Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934", Form 10Q, and the "Current Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934", Form 8K, prepared by Itel Corporation and on file with the Securities and Exchange Commission in Washington, D.C. for financial and other information on Itel Corporation, the Guarantor of the Debentures referred to herein.

On the basis of information currently available to it, the Trustee does not intend, at this time, to declare the principal of all the Debentures to be due and payable immediately. However, the Trustee is continuing to review information concerning the Company's and the Guarantor's current circumstances including information regarding their financial condition and the relative rights of creditors, so that it may determine whether it will, pursuant to Section 502 of the Indenture, declare the principal of all the Debentures to be due and payable immediately. The Trustee may consider other possible action pursuant to the provisions of the Indenture.

This Notice is being published pursuant to and in accordance with the requirements of Section 603 of the Indenture and a copy thereof is being sent to each securities exchange on which the Company has advised the Trustee that the Debentures are listed.

Inquiries concerning the matters contained herein should be directed to Mr. George P. Slattery, First Vice President, J. Henry Schroder Bank & Trust Company, One State Street, New York, New York 10015, (212) 260-6500, or Joseph Chernin, Esq., c/o Messrs. Surrey & Morse, 485 Madison Avenue, New York, New York 10022, (212) 935-7700, counsel to the Trustee.

J. HENRY SCHRODER BANK & TRUST COMPANY, as
Successor Indenture Trustee

THE PROPERTY MARKET BY MICHAEL CASSELL

MEPC and Burton close to deal

AFTER a marathon set of "on-off" negotiations, it looks as though MEPC and Burton, the menswear group, have agreed on terms for letting space in Oxford Street's "West One" covered shopping scheme.

At one stage it looked as though MEPC was on the verge of losing its second anchor tenant for the £25m shopping complex, following the withdrawal last year of the Wallis Fish on chain.

MEPC originally hoped to sign a deal with Burton before Christmas which would provide the retail group with key space in the £5,000 sq ft scheme now being developed over Bond Street tube station. But Burton was decidedly unhappy about the location of the central escalator pit and wanted it moved.

The resulting talks between the two sides developed into what might fairly be described as possibly the longest and most difficult negotiations MEPC has ever had to conduct with a potential tenant but it seems that both sides are now satisfied. The offending escalator is now in the process of being moved, though not by the full extent originally sought by Burton, which in any case apparently became less concerned about its location as talks progressed.

It is believed that contracts for Burton to sign have gone on from MEPC's Park Lane

headquarters this week and that the deal could be concluded within the next 10 days.

No rental has yet been disclosed for the 25,500 sq ft of ground and first floor space being taken by Burton, although Wallis had agreed to a rental in the region of £800,000 a year before it pulled out.

For MEPC, the Burton deal will signal the revival of a marketing campaign which remained in low key while the identity of the main tenant was uncertain. The company already has quite a number of potential occupiers for the 27 other shop units in its Oxford Street scheme.

In a somewhat hurriedly prepared schedule of accommodation and terms of letting brochure brought out last year, MEPC were asking an annual rent of £190,000 for the largest ground floor unit of 1,000 sq ft (the Burton presence at Oxford Street level is arguably very restricted) while annual rentals for other units ranged from around £70,000 downwards. Since the terms were drawn up, however, the retail trade—especially in Oxford Street—has taken a turn for the worse. The outcome of negotiations with tenants in the months up until the opening, which is scheduled for later this year, will provide a clear barometer of the way in which rents in Britain's premier shopping street are moving after a period of fairly sustained stability.

"Less impressive" rents ahead

THE LATEST subscriber to the view that the heady days of rapid rental growth may fast be nearing an end is Stephen Allen of Carr, Sebag. He says that while there may be a few "headline hitting" deals, the longer-term, underlying trend may well be less impressive as more cautious rents are agreed by landlords.

After the huge rise in average rentals over the last three years, Sebag expects the flattening out process to dominate the picture. It warns that although the shortage of prime property for sale forced yields down because of the competitive capacity of institutional investors, it should not be assumed that rents will continue to be forced upwards on account of tenants' ability and willingness to pay high rents.

Stephen Allen adds: "In view of the state of the economy, the more important objectives of landlords may well be to retain their tenants by charging reasonable rents rather than push for the highest rents obtainable."

But he emphasises that prospects for rents over the next few months at least remain good, especially in central London as the amount of available space continues to fall.

In suggesting that while there is no reason to "sell property shares, investors should be extremely selective" when increasing their sector holdings, Allen forecasts a sharp drop in interest rates during the second half of 1980, which will underpin the present property yield structure in so far as compar-

isons with the returns on gilts become more favourable. Lower interest rates should also, of course, improve the profitability of those companies which have not already substantially reduced their short term debt.

On yields, Carr, Sebag's property analyst agrees that it is likely to become increasingly difficult for institutions, in the face of the economic downturn, to justify property at returns much below the current levels. Although the volume of money in property is increasing (perhaps not as much as many believe) and yields should, therefore, hold at current levels, investment over the next few years should, he says, be directed more towards development rather than in bidding for existing stock.

Glasgow space shortage intensifies

Despite the bleak economic outlook, office rents in central Glasgow are likely to push ahead to a record high by the end of this year, according to agents Richard Ellis.

A report from the Ellis Glasgow office says that the current top prime rent of £4.50 a sq ft should reach £5 a sq ft in 1980. It points out that although a quarter of a million sq ft of development space was available during December, 1979, two-thirds of it had been on the market for upwards of two years.

Ellis believes, however, that

the imbalance between new supply and demand for all types of property has started to force tenants to take secondary space rather than to locate outside the City centre.

At present, the space which is available in central Glasgow is evenly distributed between developments and existing units but in the months ahead the supply is expected to dry up.

The projected new supply of development space over the next four years puts the average annual level of speculative completions at around 140,000 sq ft, slightly above the historic trend

since 1965, although no available speculative space is due for completion this year. Two major refurbishments in Blythswood Square and West George Street have been pre-let and only one major development—the 80,000 sq ft Savoy Tower in Sauchiehall Street—is now available.

Ellis comments: "The office market in Glasgow is poised on the brink of an interesting new phase; with little current choice of development space, none coming on the market this year and the alternative of existing units drying up as the market moves into deficit."

NCB in hotel plan

PROBLEMS OVER financing a new 300-room luxury Hilton Hotel in Edinburgh now appear to have been resolved with the National Coal Board pension funds prepared to back the scheme to the tune of £10m.

The total cost of development could be in the region of £15m plus and the remainder of the finance is to be provided by a consortium which includes the Hilton International hotel group and Glasgow-based developers Cruden.

Cruden, jointly with Hilton, were chosen to develop the city council-owned site in Castle Terrace two years ago but work on the scheme was delayed while suitable funding arrangements were made.

A spokesman for Hilton said that the group had received plenty of overseas offers for finance but that the consortium had wanted to arrange UK backing for the hotel, which will incorporate a theatre, restaurant, shops, conference and exhibition facilities.

Under the terms of the new deal, the NCB pension funds will take a 12% year lease on the site with the hotel sub-let to the consortium. This will be the pension funds' first direct investment in a new hotel although its property portfolio do include several hotels, bought as a result of acquiring various town centre schemes.

IN BRIEF

● Broomfield has sold the freehold interest in its London Road, Redhill, office development to the National Mutual Life Association of Australia for a sum in excess of £1m. The 14,000 sq ft net building is let to the Property Services Agency at a rent of £68,500 a year. Debenham Tewson and Chinnocks acted for the vendor and National Mutual was represented by Conrad Ribbitt.

● Guardian Royal Exchange is taking 25,000 sq ft of space in Unilever Superannuation Fund's City Gate, Nottingham, complex. The deal means that 145,000 sq ft in the city centre scheme now has tenants, leaving 39,000 sq ft available in suites at rents of £3.50 a sq ft. Joint letting agents: Jones Lang Wootton and John E. Mitchell.

● Irish Life Assurance has acquired nearly 4,000 sq ft of space in Basilidon House, Moorgate, EC2. The rental is £41,000 a year on a 10-year lease with a five-year review and Irish Life was advised by Jones Lang Wootton. In addition, 3,000 sq ft of space has been let to the building's major tenant, Laurence, Prust, Baker Harris Saunders acted throughout for the landlords, a charitable trust.

● Carion Real Estates has agreed to lease 10 Cumberland Place, Southampton, to Access, the credit card business, which is to pay a rent

of ground £4.25 a sq ft for the 2,500 sq ft building. Joint letting agents were Hooley and Baker and Fox and Sons of Southampton.

● Trafalgar House has put up for sale by tender 3,440 sq ft of vacant office accommodation at 50 Leadenhall Street, London EC3. Hooley and Baker are organising the sale of the freehold with the closing date for tender offers June 18.

● Du Pont (UK) is moving out of Du Pont House, the company's seven-storey administrative headquarters on the corner of Beams Buildings and Peter Lane, City, to a new complex at Stoverage in Hertfordshire. Nearly 32,000 sq ft of space will be available for letting from April next year, with some accommodation ready by the end of this year.

● City and Continental Property has forward sold the 3,000 sq ft freehold investment at 24 Fitzroy Square, London W1, to the Merchant Navy Officers Pension Fund. The pre-let property, which was recently acquired by City and Continental, has been extensively refurbished and extended with development finance provided by the Fund. This is the third scheme the two parties have recently announced, the others being the £10m Quadrant House office development in Pall Mall and a shop/office scheme in Leamington. Lambert Smith acted for City and Continental and St. Quentin represented the pension fund.

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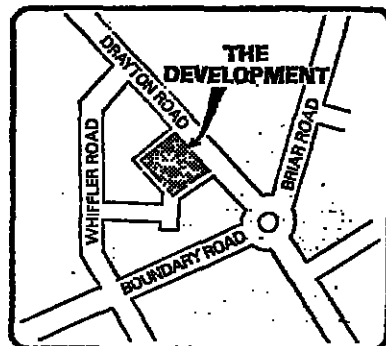
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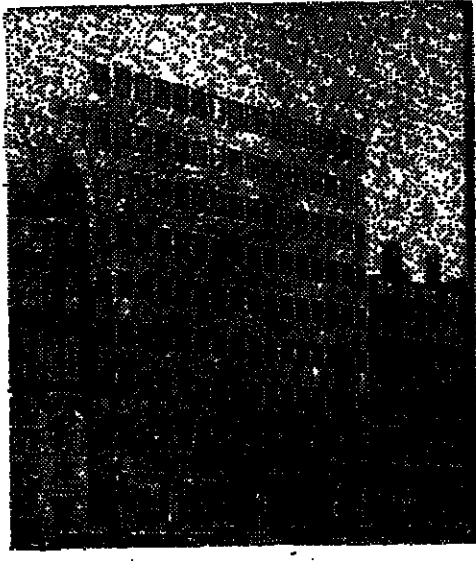
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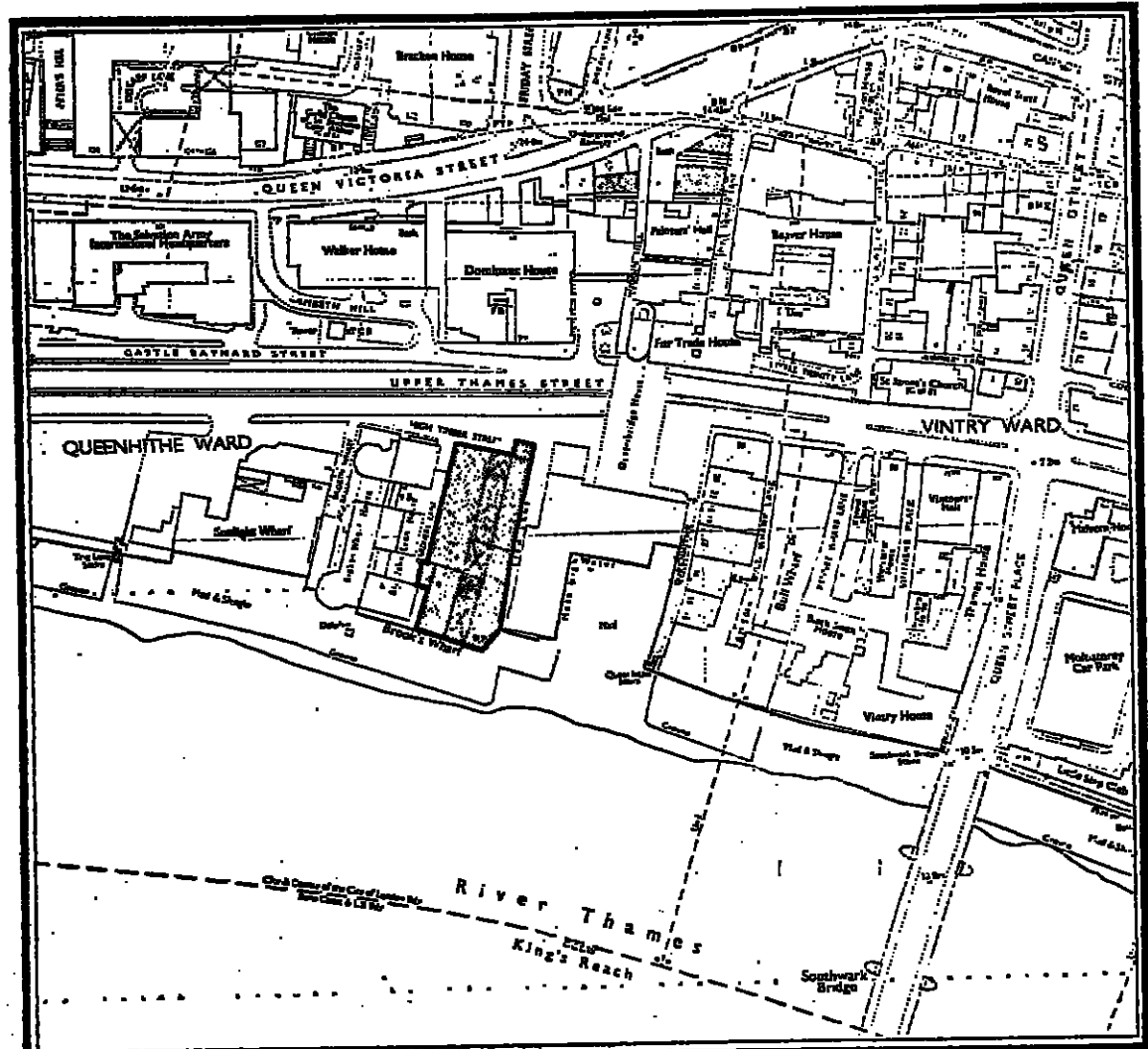
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Ford brings home some Eastern philosophy

AFTER YEARS of head-scratching over the extraordinary success of management practices of their Japanese competitors, several major companies in the U.S. and Europe have now begun to "borrow" some of the less intractable systems and styles, adapting them to suit their particular environment.

Particularly intense interest has been focused on the way Japanese companies have succeeded in bringing the quality and reliability of their products up to such a high standard—in many cases ahead of their Western competitors.

During the past 12 months the limelight has been stolen by the increasingly popular Japanese practice of breaking the shop floor into small teams of workers, in a limited form of worker participation, "quality control circles."

(See this page, August 24, 1979 and March 11, 1980).

Kenneth Gooding examines Ford's experience with QC circles...

IT IS NOT surprising that Ford should try to borrow ideas from the Japanese. The Western car industry has the lead over Japan in technology—both that incorporated in its products and that used in production processes. But the Japanese have the edge when it comes to quality and reliability, and a long lead in labour productivity.

One of the elements in the Japanese success is obviously the way the workforce is motivated and its talents tapped. The "quality circle" not only encourages participation, it also harnesses the experience of the production worker—experience which Rolls Royce describes as "the gold in the mine."

In the Japanese version, "quality circles" are small groups of workers led by a foreman who takes a very large responsibility for quality control in each department. The circles meet to discuss suggestions on quality, plant layout, process improvements, problems with the job, ways of reducing scrap or waste, in fact virtually anything that contributes to a better product.

Ford is following this theme fairly closely. Each of its circles includes no more than 15 people—10 is the preferred total—and seven or eight of them are from the shop floor. There is a leader—a foreman or superintendent—and someone from the quality control department.

One of the reasons for the addition of the latter is that in the West problem-solving and quality control is traditionally the responsibility of departmental dividers, from the shop floor, whereas in Japan the production worker is much more responsible for checking the quality of his own work before it moves on down the line.

Ford's experienced quality control engineers will continue to have a vital role to play, not least in liaison with suppliers. Another difference from Japanese practice is that plant managers have been advised that they can hold the "quality circle" meetings during a period of paid overtime, rather than in the workers' own time. That way the day-to-day

The best-known practitioner of this system in the U.S. is Lockheed, the aerospace group. Its British supplier, Rolls Royce, has also begun introducing it. Now, Ford of Europe has revealed an unparalleled European commitment to the concept; by the end of this year all its 25 manufacturing and assembly plants are expected to have their own "quality circles" involving all 140,000 shop floor employees. The system has been introduced extremely rapidly: it was only last October that its first "QC" circle was established, but even so, the company still has to get through a massive training programme.

Ford is also borrowing another Japanese approach: it is introducing some features of a system which has been called "kaizen" (which has enabled Japanese motor companies to cut stock and work-in-progress to the bare minimum).

pressures are off the leader (the foreman) and he can relax. An informal atmosphere is important. The participants are also there by invitation—there is no compulsion.

Although informality is the rule, the sessions have a fairly rigid structure. For the first half-hour some specific items are dealt with. The next quarter of an hour is opened up for widest discussion and the session ends over a cup of tea, at which time there should be complete informality.

"I believe that the quality circles can cover many other issues rather than just quality. They are a medium for communication," says Stanley Williams, the director of manufacturing for Ford of Britain and vice-president of Ford of Europe's power train operations. "An employee can talk about anything that stops him doing his job in the best way he can."

For example, at a recent meeting of a quality circle made up of employees from the crankshaft line at Ford's new engine plant at Bridgend, the conversation included, among others, the following subjects: dimensional and metallurgical properties of the component; scrap; "first-time capability" (Ford's phrase for the chances of getting the job done correctly the first time); and machine cycle times.

Ethnic groups

Each quality circle will meet for at least one hour each month. In the early days conversation has tended to bounce backwards and forwards from the superintendents who have initiated the meeting. As time goes by Ford expects that all the members of each circle will be involved in a general discussion so that a "circle viewpoint" can be developed and, where necessary, be put forward to management.

Ford in Britain has already found that the circles present a much better method of communicating with the various ethnic groups employed at the plants. A videotape of one circle in action shows a group including West Indians, Asians, and a Spaniard, as well as Cockneys from the Dagenham engine plant.

"We now know that some of the posters we put up, and which management thought were so clear, obviously meant



different things to different minorities," says Williams.

This does raise an important issue. In Japan the workforce is all-Japanese, young and adaptable, relatively well-educated and well-equipped to contribute to the discussion.

For example, at Toyota, Japan's largest motor group, 800 of the 1,000 or so shop floor newcomers hired each year are high school graduates of 19 and the remainder are junior high school graduates aged 16 who are then given four years' technical training before being introduced to the assembly or production lines. The average age of plant employees at Toyota is 27 while it is 40 at Ford of Britain and 37 at Ford of Germany.

Williams brushes aside any suggestion that European shop floor employees would have little to contribute to a debate because they lack the right background. A lack of formal education does not necessarily mean that a person is unintelligent, he insists.

"The majority of Ford's shop floor employees are intelligent and they know nearly all there is to know about their own particular part of the operations even though their horizons may be narrow. Give them the incentive and they will bring their perception to bear on the problems."

Perhaps the most important factor contributing to the success of quality circles in Japan has been the Japanese work ethic, which can be briefly summed up in the old phrase: "The Japanese live to work, while employees in the West work to live." The Japanese centre their lives on work, even to the extent of rarely taking their complete holiday entitlement.

In that type of environment the concept that an employee should give up part of his spare time for the quality circle debates is accepted without question. So, too, is the idea that each member of each circle should contribute a certain minimum number of suggestions every year.

In its limited experience so far, Ford has found that the introduction of quality circles has been greeted with some enthusiasm. There must be doubts, however, about whether the

initial enthusiasm can be sustained among workers who, unlike their Japanese counterparts, certainly do not see themselves as part of the company "family."

In this context the follow-up to the quality circle sessions will be of great importance. If the company is seen to be taking serious note of suggestions and comments made at the meetings, and implementing changes when necessary, it will do much to convince the employees that their contributions really are wanted.

And even if the meetings simply allow an employee to bring into the open those little niggles about his job which can be so aggravating, the chances are that the quality circles will contribute beneficially to that difficult-to-define area, job satisfaction.

Ford recognised that it must do some training if the quality circles were to work properly. In the early stages the "initiators" of the meetings—superintendents and foremen—have received training in communication techniques. It is hoped that they can pass on that training to other members of the groups by example and direct help.

Coincidentally with the introduction of quality circles, Ford has also restructured its trainee foreman programme to make better use of the talent available on the shop floor. That programme will include training in quality circle techniques.

Ford stresses that the main aim is to improve the quality of its products—even though it already had a highly complex quality control system—and to give the person who does a particular job more of a chance to influence how that job can best be done. There are times, however, when substantial savings will arise as a result.

Ford still encourages employees to use the company's

suggestion scheme which involves financial rewards for money-saving ideas, even though they might first be brought up in general discussion within the quality circles.

It can already point to a 2½ to 3 per cent reduction in scrap levels on one component at its new engine plant at Bridgend because of suggestions made within the quality circles there. The problem would eventually have been spotted under the old systems—but not so early.

There will be other occasions, however, when the group will have to spend money to follow through quality circle suggestions. And as Williams points out in a reference to the fact that the quality circle meetings can be held in periods of paid overtime, "we are clearly spending money on which there is no obvious or quantifiable return on investment."

So those UK companies which have made something of a feature of the money-saving aspect of quality circles could well find they have made a tactical mistake.

... and with a new stock control system

THE SECOND Japanese procedure on which Ford has decided to draw is the Kanban or "just in time" system of stock control.

The Kanban concept was first developed by Toyota and has been adopted throughout the Japanese motor industry. The idea is that supplies of components, sub-assemblies and so on are "pulled" through the manufacturing and assembly process because nothing can be produced unless the command is given by the user next along the line. It follows that ultimately it is final assembly line which commands the flow of

material, components and assemblies through the system. In comparison, the Western motor industries protect final assembly as much as possible from potential bottlenecks in supply or quality control problems by building substantial buffer stocks into the supply system.

The discipline involved in the Kanban system is that those bottlenecks and other problems are identified and dealt with as buffer stocks are gradually run down to a bare minimum. In Japan it has meant that manufacturing operations have had to be planned to give the necessary flexibility. For example, most Japanese motor companies have more component capacity than associated assembly capacity.

The system incorporates fool-proof guarantees that all components and so on are of the right quality, and arrive in the right quantity. The assembly line comes to a halt if that is not the case.

Kanban means something like "sign post" and can be represented by a formal computer card from assembler to customer or, within a factory, anything which clearly indicates the type of component and quantity required—coloured golf balls are used in one Toyota plant.

In crude outline the process works like this. The assembly line calls for a gearbox. The gearbox plant takes one from its tiny buffer stock, removes the Kanban and passes it back to the gearbox assembly line. Now that it has the go-ahead to make another gearbox, the assembly line begins to draw components from its own small stocks. The various Kanbans go back to the machining lines which now have the authority to make the components in question. The process requires very frequent supplier deliveries and

complete trust in the supplier, because there is no time to make any inspection or verification that the right quantity has arrived, or to go through the documentation processes which usually go with them.

Material is delivered directly to the point of use on the line without warehousing, storage or rehandling. So all material is "packaged" in containers which can be handled by workers without power equipment.

This is one aspect in which the Japanese system obviously goes too far for Western companies. For example, paint is delivered to car assembly plants in 18 litre cans, an amazingly small quantity.

It also involves the majority of suppliers to be within an hour's journey of the plant they are supplying, and reading their own large fleets of small trucks dashing about with frequent consignments—another aspect of Kanban which is not suitable in the West.

The concept originated because space is at a premium in Japan and is very expensive. The idea was to get rid of the storage space taken up by buffer stocks, which can account for up to one-third of the area in a car assembly plant.

Vulnerable

The aspect as which Ford, and other Western companies, are more interested is that if stocks and work in progress are cut back, so is the cost of financing them.

That is why Ford "is using the philosophy of the Kanban concept but not the system," according to Mr. Williams. "It involved us studying all aspects of stock planning and revising them."

Some features of the Kanban approach were adopted in earnest only at the beginning of the year, but to give an

example of the impact, one area of Ford's operations has already cut its stock values appreciably.

Does this not make a Ford particularly vulnerable in any dispute with the unions? Mr. Williams replies: "If you build up stocks of 95 out of 100 components you need for assembly you usually find that something in that final 5 per cent will eventually bring the line to a halt if there is a long dispute. Stockpiling sometimes gives you less security than it appears to."

Ford is making production changes where it can give the extra flexibility demanded by the Kanban philosophy. But in Japan the total system relies on the complete flexibility of labour within plants, Japanese machines keep going because the operators do minor running repairs instead of calling in outside assistance—the procedure necessitated in the West by job demarcation lines.

Japanese plants planned to work only two machining shifts a day, compared with three normally planned in Europe. This gives room for manoeuvre because there can always be a third shift if it is necessary to catch up with a long, unscheduled break in production.

Ford would not be able to change the nature of an operators' duties at its plants without negotiating with the unions, because this obviously affects the terms and conditions of an employee's work.

So far, however, the company has been able to argue that neither quality circles nor its adoption of the Kanban philosophy are matters which require formal consultation with the unions. However, if Ford wishes to adopt other working practices which give the Japanese industry the extra flexibility it enjoys on the shop floor, it would have to consult the unions.

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22 LOMBARD

Perhaps it is a moral issue

BY ANTHONY HARRIS

THE GENERAL enjoyment of the Hunt is a sentiment I thoroughly share. It fully meets my definition of classic comedy—tragedy with a happy ending. The Gods have deployed their standard armory of hubris followed in due course by nemesis, but for once in a cheery cause. What is more, I can add the spice of a minor personal involvement, thanks to an invitation to join a radio discussion of the affair. To my astonishment and contempt, the broadcasters were giving quite serious airtime to the absurd rumour that the whole affair was just a deep plot by the Hunt brothers to get more silver cheap.

Credulity

Now the point of this anecdote is not to rub salt into the financial wounds of the Hunt brothers. That task can be left in the safe hands of Mr. Paul Volcker. The point is the British psychology displayed by those very British BBC producers, and the very different psychology of Mr. Volcker himself. The credulity required to take the deep-plot rumour seriously is only too familiar in this country: it is the soft-headedness of those who have indulged themselves too freely in the pornography of money. These poor cloth-brains, in their "I love JR" T-shirts, reach a state of abject worship of the rich in which they can hardly believe that a very rich man can come unstuck. It is perhaps a sign of our decadence, perhaps just a symptom of an economy in which financial manipulation seems to be the only road to fortune. In a more robust age we sent Horatio Bottomley to jail. Now the speculative financial columns dream of the come-backs of our latter-day Bottomleys.

And what does our central bank have to say about all this? Not nearly enough. It has ceased long since to be a silent institution, imposing responsible standards through nods, winks and pat-pat-pat—though this kind of invisible discipline does of course persist. Official speeches are now frequent events, and the thunderbolts from Threadneedle Street fall upon the bemused heads of Ministers, trade unionists and industry.

For the economy at large, we are presented with the Governor as Chief Scout. I cannot, however, remember a single speech which dwelt on the risks of speculation, the unwisdom of credit to finance it, or even did much to rub in the moral of those speculations which have come unstuck. On the contrary, the Bank is now lending a benevolent hand in moves to set up a financial futures market in London.

Contrast the conduct of Mr. Volcker, that model of a modern central banker. Having imposed a credit policy which is tight in good earnest, spreading dismay and potential bankruptcy among the speculators, he has coupled his rescue package for the Hunt brothers with a ban on the use of the loans to finance speculative operations by them in any market. This is in line with the general Fed directive against leading to finance speculation.

Now it is true that the Fed and the Bank of England apply exactly the same sound rule in mounting rescues: innocent depositors must be protected, but shareholders are allowed to suffer. If you were to conclude that what I am trying to discuss is quite largely a matter of moral tone, I would plead guilty, and without shame. However, it has its technical side

Better result

Why is it, for example, that a credit squeeze in the U.S. produces acute financial pain as its first result, while a similar operation here leads to huge financial profits? It is because the Fed has actually ensured that the financial system should remain "crunchy," as Mr. Henry Wallich puts it, discouraging floating-rate finance, for example. The Fed evidently believes that a frightened banking system will be more wholehearted about credit restraint, when that is needed, than a system enjoying record profits. The Bank of England, by contrast, instinctively over-protects the system it supervises, placing the "stability of markets" well ahead of their responsiveness to discipline. It is all part of a generally approving and sometimes sanctimonious attitude. The American populist distrust of speculators, and indeed of bankers, seems to produce better economic results. Perhaps it is a moral issue.

THERE WAS a time when Fleetwood was one of Britain's leading fishing ports, its fleet and its prosperity was based on the distant waters of the Arctic and to a great extent on cod. With the closure of much of those waters to Britain and the increased competition from France, Denmark, Spain and Germany in the middle waters the fishing industry in the town reeled under the succession of blows from which it is only just beginning to emerge.

There are still a couple of big stern trawlers using the port but they are looking for pastures new. The middle water fleet is very small, probably about 15 vessels, and only the inshore fleet is at all prosperous.

Ironically, getting on for half the catches landed in the dock and handled by its new sheds come from ships flying foreign flags. The peak of post-war prosperity for the town's docks was 1965, when 48,000 tons were landed; last year that figure had fallen to 18,000 tons. Ironically some of the inshore skippers are doing rather well at the moment. Those who received golden handshakes after their cod days were over and bought small boats to work themselves have maintained their prosperity. Today there are a total



of 65 inshore boats registered. The docks themselves belong to the British Trawling Docks Board and just over a year ago it moved in a new young manager, Mr. David Nixon, to beef up trade. The groundwork had been done for him: new sheds for the fish market, new equipment to unload the fish, and new trades in the Wyre dock which handles the general cargo of scrap, grain, timber and other general bits and pieces which use small ports.

On top of this a roll-on/roll-off terminal to handle trade with Ireland had been opened. No sooner had Mr. Dixon, originally a graduate management trainee with British Rail and later manager of London's motor-rail terminal at Olympia, arrived than the Fleetwood Fishing Vessel Owners' Association found itself in the most dire trouble.

Just at the point where the association was about to go into

liquidation the council stepped in with a loan on very favourable terms and two new companies were set up to run the business. One consequence was that equipment, some of the most advanced in the country for unloading fish, was bought from Canada. Instead of being manhandled, the fish is now sucked out through a tube in the same way that grain is discharged from the hold of a bulk-carrier.

One of Mr. Dixon's tasks is to build up not only the fishing side but also the general trade and here he is helped by a small speciality which Fleetwood has been cultivating—scrap metal.

A docks company has built up a good trade in cutting up iron and steel goods—largely cars, some ships but also smaller items. The scrap is then exported to Italy and France for use in their steel mills.

Scrap exports last year reached 88,000 tons; this year the port has handled 40,000 tons, the first quarter alone. Together with grain imports from the Continent for animal feedstuff and timber from Scandinavia Mr. Dixon managed a net profit of £6,000 on a turnover of £2.4m. Small enough, but at least there have been profits in three out of the last four years after a dark time in the mid-1970s of closing the port.

Mr. Dixon admits the docks are under-used and has plans

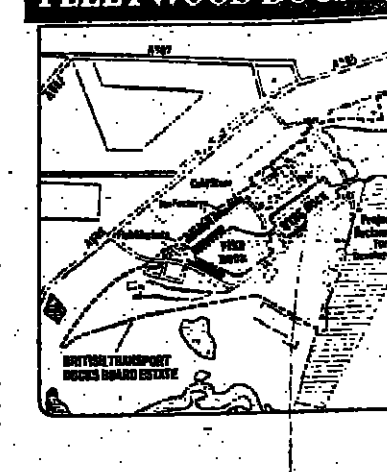
to improve this. He would, for instance like to see a freezer plant built to make better use of the fish landed. He also believes the port to have the best facilities to cater for any offshore oil or gas exploration in the Irish Sea.

Meanwhile he takes comfort from the growth of the port terminal, used by B-1 Line and P and O for services to Ireland. Last year 128,000 tonnes of goods were shipped through the port. He hopes to achieve full capacity of 150,000 tonnes before long.

A RO-RO second berth will soon be needed, but the main problem is lack of back-up land to park the trailers. Studies are going on to see if land can be reclaimed from the river without sending dredging costs to uneconomic levels.

These developments have helped to prevent too serious a decline in the docks and to keep the number directly and indirectly employed at about 2,500. The docks are no longer the largest single employer in the town. That distinction is held by ICI which employs some 3,000 at a plant producing vinyl chloride and caustic soda. However unemployment locally hovers above the national average at 8 per cent, sufficiently high to save the town's intermediate area status in the rethink of regional policy

FLEETWOOD DOCKS



initiated by Sir Keith Joseph's Industry Department last summer.

The town is fortunate in having been allocated three government advance factories—now let—and is in the process of building four itself. Its big disadvantage is that land for industrial purposes is in short supply given the attractive nature of this part of the Fylde coast and there also worries that the Government's restrictions on capital spending could prevent further construction of advance factories.

The Government's preferred solution—to attract private capital—may be realistic in Manchester or Liverpool but it is a different matter altogether for a largely rural authority like Fleetwood. Ironically, demand for small factory units is strong just as it looks as though their construction may be curtailed.

If Fleetwood is to recover its prosperity, then this will have to come from where much of it originated, in the docks. That is why great responsibility rests on the decisions of David Dixon.

Gift Wrapped to pay dividends

COPT HALL ROYALE, the only one of seven in today's Johnnie Walker Oaks Trial at Lingfield to figure in the Epsom Oaks betting, seems sure to make a bold bid to add to her recent Aimers Coffee Stakes win at Ascot.

John Winter's filly put up a highly encouraging display there. Despite looking consider-

backed at Salisbury on her racecourse debut in September, subsequently showed good speed on her only other juvenile appearance before tiring to finish fifth of 10 behind Nahane over seven furlongs at Leicester.

This afternoon, Copt Hall Royale, whose dam is half sister to Sucebato, may well add this Group 3 prize to her Ascot winnings; but with the Aimers Coffee Stakes form having not worked out well, I believe it could pay backers to take a chance with another Newmarket runner, Gift Wrapped. This daughter of Wolver Hollow ran well for a long way in the William Hills Chevelly Park Stakes last autumn and would have improved on her eighth place in the 1,000 Guineas had she not been out of the race for room racing into the Dip.

Belfast bookmakers Sean

Graham will have to reshuffle drastically their prices for the Irish 2,000 Guineas. They had been betting 7-4 Posse, 7-2 Nikolai, 9-1 Huguenot, 10-1 Noble Shamus and 14-1 bar.

Vincent O'Brien has now decided to saddle Monteverdi and it has also been announced that Final Straw will be in the field.

I shall not be surprised to see Monteverdi again starting favourite for the major event and Final Straw, who got no sort of a run in the English equivalent, is also likely to be much in demand.

LINGFIELD

2.30—Sunfield
2.30—Solar Honey
3.00—Gift Wrapped***
3.30—Tyr Mar
4.00—Sardine**
4.30—Mistress Medina

RACING

BY DOMINIC WIGAN

ably more backward than most of her rivals, the day daughter of the Royal Palace mare, Sauce Royale, battled on tenaciously close to home to land the £4,000 prize.

Copt Hall Royale, a disappointment when heavily

LONDON

9.30 am Schools Programmes.
11.55 Beany and Cecil Cartoon.
12.00 Songbook. 12.10 pm Once Upon a Time. 12.30 Mornaywise.
1.00 News plus P.T. Index. 1.20 Thames News. 1.30 For Maddy With Love. 2.00 Afternoon Plus.
2.45 Friday Matinee: Broken News. 4.15 The Boy Who Swam With Wolves. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 The Cannon and Ball Show.
8.00 Miss Great Britain 1980.
8.10 The Gentle Touch.
10.00 News.
10.30 Who'll Win The Cup?
11.00 The London Programme.
11.45 Police 5.
11.55 Luke's Kingdom.
12.00 am Close Personal choice with Denise Coffey.

All IBA Regions as London except at the following times:

1.25 pm Anglo 2.45 House-party. 3.15 News. 3.30 What They Want. 3.45 Sharp Intake Of Breath. 4.00 News. 4.15 The City. 4.30 Who'll Win The Cup? 4.45 Friday Film: "Someone I Touched." 4.55 am Your Movie At Night.
1.20 pm ATV. 2.45 The Royal Windsor Horse Show. 3.15 Happy Days. 3.30 ATV Today. 3.45 News. 4.00 The City. 4.15 The City. 4.30 Who'll Win The Cup? 4.45 Friday Film: "Someone I Touched." 4.55 am Your Movie At Night.
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THE ARTS

Cinema

Californian tease

by NIGEL ANDREWS

American Gigolo (X)
Plaza, ABC Shaftesbury Ave.
Classic Oxford Street
Saturn 3 (A) Classic Haymarket
Hussy (X) Prince Charles
Desperate Living ICA

Paul Schrader's *American Gigolo* is an elegantly sleazy trawl through the underworld of Los Angeles. Everything in California, the Garden of the West, is beautiful, down to and including sin; and this latest in Schrader's series of love-hate movie-peans to moral corruption—he wrote *Taxi Driver* and wrote and directed *Blue Collar* and *Hardcore*—has the seductive serenity of a nirvana consumption. LA is America's Shangri-La, where all is green, none grow old, and even the vice business has a cool, chic, siren charisma.

Schrader's hero is a handsome stud-for-all-seasons, played by Richard Gere with peacock grace and a fan-tail versatility of nominal trades: escort, travel guide, chauffeur, interpreter. Running him smoothly through the maelstrom of sexual subterfuge and corruption, Schrader's film has a high time crossing the

pricily, low-life tensions of a film noir thriller with the enameled, rainbow-hued beauty of a California travel poster. With the director in a far less tub-thumping mood here than in his last essay in O tempora, O more moralising, *Hardcore*, *American Gigolo* twists and turns and teases through a crime plot as sinfully cryptic and graceful as its own hero. The film doesn't tie up loose ends and doesn't wear its indignation on its sleeve. Instead, it pads lefty forth through the carpeted jungle of the gratification industry.

The ace in Schrader's hand is his ingeniously reticent way with pot and character clues. At pinpoint in the movie, Gere tumbles into a murder charge after the death of one of his lackeys. Did he kill the wealthy Palm Springs housewife during a bout of trollism involving her husband? (We only see the beginning of the session.) Or is it a frame-up devised by one of the several LA smoothies—a gay pimp whose attentions he accrues, a wealthy Senator whose wife (Lauren Hutton) Gere is romancing—who would rather

see the gigolo behind the bars of a prison than continuing to operate between the bars of a bedstead?

The film, picking up the theme of "bars" like a musical motif, paints the ribbed shadows of Venetian blinds across almost every inch of bare wall in the interior scenes. (They have even spread, you may notice, to the poster.) And though Schrader keeps a whodunnit resolution to the plot tantalisingly out of reach, he lays out the everyday details of Gere's livelihood with cool, crisp, candid precision: from the choice of ties to the choice of social patter, from the daily work-out with bar-bells to the weekly briefingsessions with his chief agent and "procureur" Nina Van Palland. Meanwhile there is Lauren Hutton as the love-hungry senator's wife, bravely searching for loose emotional threads in Gere's tight-knit gigolo camouflage and meshing with him in sculpturally choreographed love scenes in his shutter-shadowed apartment.

No film since Altman's *The Long Goodbye* has better captured the lazy, lapidary

beauty of Los Angeles; its sky like lapis lazuli, its streets wide and straight and shimmering, its interiors magic with a warm and shifting half-light. When Schrader buried his moral fulminations at New York in *Taxi Driver*, or Detroit in *Blue Collar*, they bounced around in an arena already fiery with pent-in energy and Nordic tensions. Melodrama spat and roared back like a bonfire sprinkled with petrol. But California absorbs, derides and sea-changes Schrader's yellow-press puritanism: creating a marriage of unlike minds far more hypnotic and persuasive than he earlier movies where like met like. It's a tease of a film, with grace, beauty, tension and a Sphinx-like air of moral mystery.

Saturn 3 looks like an MGM musical, sounds like a badly dubbed TV commercial, and stars Kirk Douglas, Farrah Fawcett, Harvey Keitel and a robot in a planetary ménage à quatre somewhere out in Deep Space. Douglas and Fawcett are hydroponics scientists doodling happily away in a pre-lapsarian space-station on Saturn when yeoww, crash, blonk. B. Keitel arrives from Earth—dubbed, for reasons that elude me, by Roy Dotrice—and starts building a robot for them. Did they ask for one? No. But not to worry, it looks fetching enough at first, what with vein-like tubes that run with red and blue oil, and anthropoid muscles, and an economical head that consists only of two eyeballs on stalks.

The problem is that it isn't very friendly. Far from being struck dumb like the rest of us by Ms Fawcett's beauty, or blinded by her wrap-around teeth, it romps after her with strictly dishonourable intentions, running over Messrs Douglas and Keitel whenever possible in the process. Even Sally the dog fails to escape unscathed, left sliced in two on the laboratory floor like a pair of furry cutlets.

Stanley Donen, who took over behind the camera when the film's original writer-director John Barry was replaced, has turned it—not surprisingly for the man who made *Singin' in the Rain* and other splashily

gorgeous MGM song-sprees—into a gaily choreographed romp through beautiful scenery in which the plot seems as silly and disposable as in any Hollywood musical.

The decor is riotous: snaky, multi-coloured tubes, baroque corridors, a visit white backdrop with semi-circle sun, dizzy splashes of primary colours. But while this pastel-mad bravura would be fine if the characters burst into song and matched visual with vocal fire, it isn't when they pen their mouths merely to emit badly dubbed, speech-ballooned banalities and when Fawcett and Douglas spend most of their histrionic skills trying not to overreact in an over-the-top, hyperthyroid plot. Meanwhile the robot, like some demented parody of the Alien built by Meccano and commissioned by Mad magazine, runs about stealing all the barum-scurum scenes it's in. Not, in this movie, a difficult task.

Hussy wins this week's Joan and Jackie Collins award—previous winners *The Stud* and *The Bitch*—for taking-the-lid-off-Swinging-London-and-finding-nothing-very-interesting-underneath. Helen Mirren, with her cupid lips and rise-above-it nose, plays a woody boozie affiliated to a seedy London nightclub, and John Shea is the handsome layabout who beds her and shows her that love can still stir beneath that much-visited bosom.

Around these two lounge lovebirds, the screen crowds up with such Sunday Tabloid characters as the Dutch Lesbian, the Psychopathic Ex-Lover (hers), the Criminal Ex-Crory (his), and, out-Kramering Kramer, the tug-of-war child (Miss Mirren's) who's caught in the amorous crossfire. Written and directed by Matthew Chapman and as brainless and catchpenny a piece of rubbish as may currently be found in London.

See *Desperate Living* instead; a lewd, loudmouth, but comically funny romp from America's John Waters. The director of *Pink Flamingoes* and *Female Trouble* here gives us his very own counter-culture fairy-tale, full to the brim of undeleted expletives, gale-force dialogue and scatological slapstick. Showing at the ICA, for the non-squeamish only.



Donald Pickering as Higgins and Paula Wilcox as Eliza

Shaw

Pygmalion by MICHAEL COVENEY

Since the 1974 revival with Diana Rigg and Alec McCowen, *Pygmalion* has enjoyed many performances in the rep and the Shaw Theatre Company under David William's direction offers a stout and unfunny version with two top class characterisations of Eliza and Higgins by Paula Wilcox and Donald Pickering. The Glasgow Citizens gave a more imaginative interpretation last November incorporating a dream-like ballroom scene to underline the Swengali/Tribble parallels in the story. But Miss Wilcox charts Eliza's transition with admirable clarity. This Eliza is more than a study in social mobility, she learns to stand, uncompromisingly, on her own two feet.

Mr. Pickering is a large spoilt baby, lounging on the furniture and incorrigibly rude. Any ambiguity in the relationship is saved for the final long scene, which comes off superbly. His experimental collaboration with Pickering (Brian Oulton) is the sport of two overgrown schoolboys, as delighted at the prospect of success with Eliza as at the likelihood of her "deliciously low" faux pas. Eliza's father is played with top-heavy bluster by Arthur Cox, and his fate at the hands of middle-class morality is vividly conveyed at the expense of the refinement in his rhetorical speeches. Mr. Cox does not convince as the Mark Negin's functional design moves effectively from

the Covent Garden portico to the cluttered library and the airy, plant-strewn drawing room of Mrs. Higgins to the accompaniment of tape-recorded Elgar. The comic centre of the production is, quite rightly, the At Home scene, where Miss Wilcox's porcelain fragility cracks slightly but to maximum effect on her exit line of "Not bloody likely." It is a credit to all concerned that the phrase can, in its context, send out a few shock waves. There is good support from Rachel Thomas as Mrs. Pearce and Sian Thomas as the insufferable Clara Eynsford Hill.

At the King's Head, Ronald Mavor's *The Quartet* is an occasionally funny but hopelessly schematic piece about the off-stage lives of a string quartet. The lady cellist finds happiness with the first fiddle after passing through the hands of the viola, and second fiddle. The latter is a self-centred narcissist whose artistic temperament makes no allowance for the mundane business of life and relationships. The interval arrives as the first fiddle delivers the deathless line "Would you kindly remove your hand from my testicles?" at which point you realise that the whole blazingly trivial exercise is in search of laughs at the expense of truth.

Young Vic Studio

Barabbas

by B. A. YOUNG

The Belgian Michel de Ghelderode, who died in 1962, wrote more than 50 plays, yet even when we were all obsessed with the Theatre of the Absurd and the Theatre of Cruelty his highly individual voice was seldom heard in this country. The Cherub Company's production of *Barabbas* at the Young Vic Studio gives a welcome taste of his quality.

Barabbas is first seen in prison, exulting in his crimes like someone from Genet. He shares his cell with two other thieves (bandits). Ghelderode calls them) and a prone figure in white, apparently dead, this figure is Jesus, not dead but exhausted from his sufferings. He never speaks throughout the evening.

The play presents the events of the Passion as Barabbas would have seen them. Judas is a parody of a stage Jewish usurer, Shylock without the dignity, but overwhelmed with guilt for what he has done. Pilate is a toy Roman soldier with an ice-cream Italian accent, and Herod an oily Levantine. They are played here for comedy, and lack the feeling of authority that ought to hang on them.

While Jesus is dying on the cross, Ghelderode shows us his idea of the public reaction. A showman, who is entertaining the crowd, finds the Christians comic, as the Jacobians found the Puritans. The disciples, in hysterical fear for their safety, are in hiding (their concealment represented by black masks). Barabbas, however, has been converted to a powerful personal admiration for Jesus, a criminal like himself by the current law, yet one whose crimes benefit his brethren unlike Barabbas' own robberies. "I am not free," he maintains. "I am dogged by Jesus."

proposes, characteristically, that they should start a revolt among the people to avenge Jesus' death. The disciples cannot go along with such a proposal; and before it can go further Barabbas is himself murdered by the showman's clown, whom he has beaten up for laughing at Jesus.

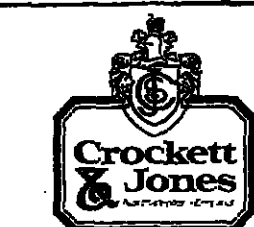
I thought the production, directed by Andrew Vissneviski on a bare stage before a small stained-glass screen, a little too high-pitched emotionally and short of discipline in the characterisations. I found it very interesting all the same, charged with evident devotion, yet without subservience to usual Christian doctrine (though Ghelderode was a good Catholic, and I doubt if there is any heresy in the play). Barabbas is powerfully played by Nigel Miles-Thomas, and the other 15 characters are shared between seven other versatile players. Tom Hunsinger, who plays Herod and one thief (the one who was saved), also designed the set and costumes.

Peter Pan film to benefit hospital

A new film version is to be made of Barrie's *Peter Pan*—and it will give a huge cash boost to Britain's most famous children's hospital.

The Hospital for Sick Children in Great Ormond Street, London, holds all the literary rights to the story, and it will benefit from the film production to be made by American director Mel Ferrer. He has acquired film and television rights, and has announced plans to shoot it, probably at Pinewood Studios.

Sir James Barrie assigned the copyright of *Peter Pan* to the hospital in 1928 and since then it has received a substantial income from royalties.



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Elizabeth Hall

Byzantine/Greek Folk

For the first time the English Bach Festival, imported from Athens not just a few singers, but choir ten men strong for the Byzantine liturgical music forming the first half of the Greek evening on Wednesday. Under the penitils Lycourgos Angelopoulos (a visitor well remembered from former festivals) they sang *Motets* (Hymns, unfortunately without spoken introduction or breaks suff-

ciently marked to help non-Greek speakers to know where they were—would like to have identified the Hymn that developed such a surprisingly strong metrical pulse. After the interval we heard another well-remembered visitor the singer Donna Samiou, who brought with her two instrumentalists, Petros Athanassopoulos-Kalyvas and Matthew Vatrias, and was joined by an

Oxford student, Manolis Philippakis, who sang an "Akritika" song from his native island of Karpathos. Miss Samiou contributed several songs in her plangent, absolutely vibrant, less voice. I presume I misheard Lina Lalandi, who introduced this half in her own inimitable way, when she described (at least I thought she did), one of these as "a love song for a dejected plumber."

The choir reappeared for one or two numbers, including a Fisherman's Rowing Song from Skithos, striking example of a work-song, with primitive but effective antiphony. Instruments included two kinds of lute, a three-stringed "lyra" like a miniature gamba, a "toubelaki" drum and the wooden spoons that are cousins to castanets. The great success of the evening however was the "clarino," a modern clarinet (so a learned friend assured me) played with unorthodox technique. For his final "Tsamiko" Mr. Athanassopoulos-Kalyvas gradually dismantled his instrument with the surprisingly little effect on the volume of fierce tones he produced.

RONALD CRICHTON

Covent Garden

Die Zauberflöte

by DAVID MURRAY

The remaining performances of the Royal Opera *Zauberflöte* have Robin Leggate's Tamino again, as in the original production last year, and a new Pamina in Yvonne Kenny. Good, honest performances both, though neither of them radiates the ideal Mozartian innocence: if they did, the whole all too substantial pageant might blow away. August Everding's staging is ponderously pretty, anxious to show off its elaborate machinery, long on intricate ideas but short on fresh ones. Again a non-German cast sedulously mouths the German dialogue for a non-German audience. Mozart would have thought they were mad.

Mr. Leggate cuts an upstanding figure as Tamino, if a bit shy and enclosed. He sings the role with careful warmth; he cannot use his voice as lightly as the best Taminos, and something of simplicity and elegance which come to much the same thing in this music is missing. The quality of the voice proposes sturdier parts for him. Miss Kenny, whose

lovely soprano suggests mature sophistication beyond Pamina's deserts, contrived to realise "ach, ich fühl's" exquisitely to scale—no room for quibbles there and, besides, she looked lovable.

James Conlon's account of the score is still a curate's egg. It is tenderly conceived, and often confidently effected; yet the numbers for which he most obviously had special intentions—the hushed accompaniment for Sarastro's first aria, for example, and the mercurial one for "Alles flüht"—misfired here. The pace of Act Two was halting, and in the final pages the last two tempo changes utterly lacked conviction. I shall chiefly remember Robert Lloyd's strong, concerned Sarastro, and the extremely stylish singing of Monostatos by Paul Crook, and the wonderful chorale of the Men in Armour (Robert Tear and Roderick Kennedy). Zdzislaw Donat and Lilian Watson make an attractive Queen and Papageno. The friendly bounce of Thomas Allen's Papageno is a considerable bonus.

Arts News in Brief

The Scottish National Gallery of Modern Art has bought a large and important painting by American pop artist Roy Lichtenstein. "In the car," which was bought at auction for £100,000, is the first of Lichtenstein's paintings to be acquired for a Scottish public collection. It is on display at the Gallery in the Royal Botanic Garden, Edinburgh.

"In the car" was painted in 1963, when Lichtenstein's use

of commercial and comic-strip imagery achieved considerable sophistication and complexity. Lichtenstein was particularly attracted by the way cartoon artists treated the most dramatic and emotionally charged incidents in the same cool style, and he used this to ironic effect in his own work.

Mr. Norman St. John-Stevens, Minister for the Arts, has accepted the Standing Commis-

sion on Museums and Galleries recommendation that items from a representative selection of Chinese armorial porcelain dating from 1731, together with their related bills of sale, should be allocated to the Ashmolean Museum, the Reading Museum and Art Gallery and the Oxfordshire County Museum. The items were accepted by HM Treasury in lieu of capital transfer tax, and were paid for from the National Land Fund.

Demonstrators, Dissidents, Sanctions and Secret Ballots?

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Friday May 9 1980

EEC sanctions against Iran

EEC GOVERNMENTS, albeit with considerable reluctance, are pressing ahead with preparations for the introduction of economic sanctions against Iran at the end of next week. In Brussels, officials have been discussing the precise contents of a sanctions package, and yesterday in London the Government announced plans for rushing the required enabling legislation through Parliament in the next few days. The aim is to be ready for the May 17 deadline, on which the Community has said it will act if no significant progress has been made towards the release of the American hostages — a prospect that looks unlikely in the extreme.

No enthusiasm

But if the European Governments have committed themselves to such a course of action, at American request, they will take it without enthusiasm. It is a course that most of them neither desire nor believe in. They do not want to impose sanctions that risk damaging their own economic interests, an idea they do not believe that sanctions will hasten the hostages' liberation.

The Europeans are undoubtedly right in their assessment which one might add the general point that economic sanctions have rarely if ever proved effective in the past. Even Governments that impose them have been known to connive at their evasion and there are invariably alternative trade channels that can be exploited by the country at the receiving end. If the Europeans are going ahead, it is firstly because they judge the need for Western solidarity at a time of international crisis to over-ride the objections. Secondly, by bowing to pressure from Washington, they hope to head off the threat of tougher and more risky unilateral American action.

Arguments valid

These arguments are valid too. The Americans should not be pushed further into isolation. An exacerbation of the differences in the Alliance would only strengthen its enemies, while at the same time adding weight to the arguments of those in Washington who believe that the U.S. should now go it alone with a more muscular approach. It is true that by agreeing to

the principle of sanctions last month, the Europeans did not prevent President Carter from launching his disastrous rescue mission. But that, if anything, has only further underlined the need for the Europeans to keep their lines of communication with Washington open. If the U.S. wants European support, it must also be prepared to listen to European advice.

The conclusion to be drawn is that European support on the trade front is needed to demonstrate allied solidarity. At the same time, the Community is trying to avoid pointless damage to its EEC economies. It now seems reasonably clear, for example, both from the nine-nation discussions in Brussels and yesterday's British enabling legislation, that most existing contracts are to be exempted from the sanctions, which will be mainly directed at new business. Even that, however, is not to be held as a sacrifice—particularly for the UK, which is already facing great uncertainty in other Middle Eastern markets such as those of Saudi Arabia, Iraq and Libya.

Long haul

As for the advice to be offered to President Carter in return, it must be that he should cool it for the time being. Military ventures not only risk going embarrassingly wrong, they are likely to provoke the Iranians to new excesses and antagonise all the other countries in the region. The Middle East is already volatile enough.

Difficult though it may be, President Carter should stick to quiet diplomacy, try to take the hostages out of the headlines and prepare U.S. public opinion for a further long haul. This would have the double advantage of lowering American expectations and weakening the hold that those in charge of the hostages have established over the U.S. and its President. There are other important issues that need American consideration. By allowing the hostages virtually to monopolise his attention, President Carter has both been distracted from the much graver issue of the Soviet invasion of Afghanistan and encouraged the Iranians to acquire an exaggerated sense of their own importance.

The right to information

THE COURT of Appeal's judgment in the case against Granada Television gives cause for regret and concern. In ordering Granada to reveal the identity of an informant who provided one of its journalists with sensitive documents concerning the management of British Steel and the role of the Government in the recent steel strike, Lord Denning and the other Justices of Appeal have not only struck a blow against more open government and wider press inquiry. They have also put forward a set of legal principles which may prove incompatible with the ethical judgments and practical constraints under which journalists operate.

In reaching his judgment Lord Denning recognised the desirability of protecting the "right of public concern" and maintained that "newspapers should not in general be compelled to disclose their sources." But by devoting a major part of his argument to the question of whether journalists should have absolute immunity from disclosing their sources, Lord Denning seemed to be side-stepping the main point at issue in this case.

Press immunity

It is easy to show that absolute press immunity would be incompatible with other important rights and freedoms. Every journalist is aware of the tension that may at times exist between his protection of informants and other important principles, such as the integrity of private property, the need to foster trust and frankness within corporations and government departments, the presentation of national security or the need to bring criminals to justice.

Journalists recognise that ultimately it is for the courts to establish the balance of public interest in a particular case. But in so doing the courts must recognise, firstly, that they cannot adopt a purely case by case approach, in which they decide whether disclosure should be required simply on the merits of the case in question. For with each case that is decided against the press, the degree of confidence that exists between journalists and their informants in all other cases is bound to be diminished. Thus in deciding against one journalist, the courts are weakening confidence in the press generally.

Secondly, the courts must recognise that when they demand disclosure, they may be placing law-abiding journalists

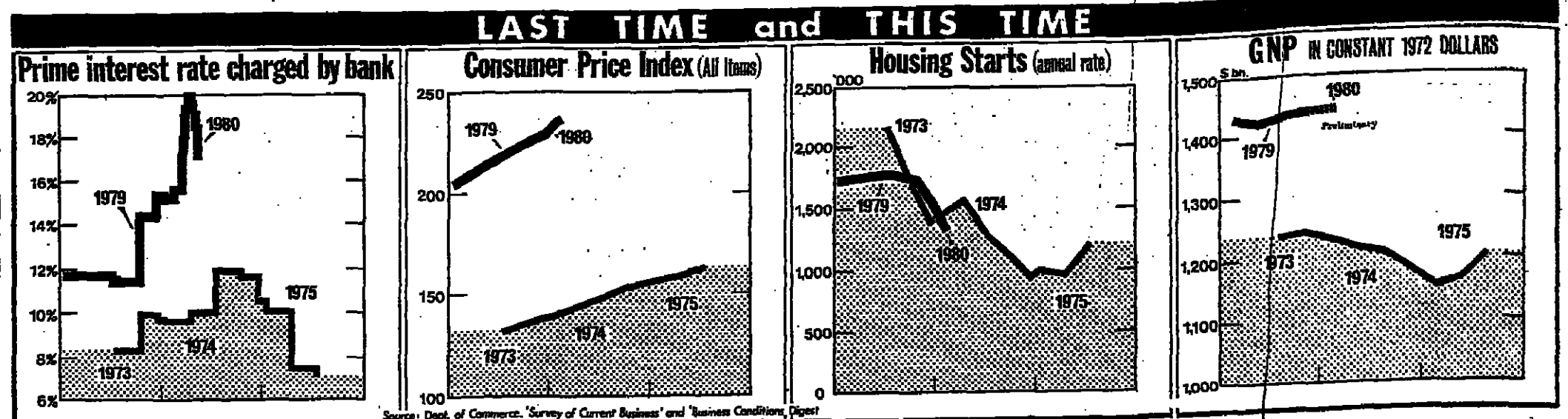
in a serious dilemma. For a journalist who wishes to adhere to the system of ethics accepted by his profession may feel that he has no alternative but to risk commitment for contempt of court, in order to satisfy his conscience and preserve his professional standing.

For these reasons Lord Denning's opinion, that journalists should only be forced to disclose their sources in "exceptional" cases, even though they had no absolute privilege, might have been welcome. The implication seemed to be that the onus of proof in such cases must be on the plaintiff to show that there is some "exceptional" reason for requiring the source's identity. But neither Lord Denning nor the other Justices upheld the spirit of this principle.

For Lord Denning did not add that the documents had been exceptionally damaging to British Steel or to the public interest in general. Instead he proposed a new, and very dangerous, criterion for what was "exceptional" in this case: it was the use of Granada's information that received and Granada's later behaviour towards British Steel. Granada had not acted with a due sense of responsibility. By behaving badly towards BSC and its Chairman, Sir Charles Villiers, Granada had forfeited the protection which the law normally gave to newspapers and broadcasters.

Disturbing

This judgement is disturbing for a number of reasons. Firstly, it seems unjust that an informant's protection should be dependent on the use which a newspaper makes of his information, since this lies entirely outside his control. Secondly, the idea that courts can sit in judgement over the way a newspaper presents a story or, in this case, the discounting shown to Sir Charles Villiers, is not one that reinforces the freedom of the Press. While courts may have to adjudicate on matters of the public interest, they should not be the arbiters of journalistic standards. Thirdly, the idea that one journalist's source can be revealed because of his "irresponsible" behaviour, while responsible journalists' sources remain protected simply ignores the facts of journalistic life. An attack on one newspaper or programme is hard to distinguish from an attack on the Press as a whole.



U.S. recession starts to bite

By DAVID BUCHAN in Washington and DAVID LASCELLES in New York

PRESIDENT CARTER, his economic advisers, and some of those at the Federal Reserve Board may be suffering that nasty, vertiginous feeling that comes from pushing hard on an already opened door. Seven weeks ago—March 14—to be precise—all the resources of the Government and central bank were summoned for an assault on inflation in an economy that stubbornly refused to slacken its pace. The reckoning then was that only very limited help in the anti-inflation fight could be expected from a "mild and short" recession in which real growth would drop by a mere 0.4 per cent this year, the unemployment rate inch up to 7.2 per cent by Christmas.

Suddenly, with the brevity of a North American spring, the picture has changed. The economy seems to have stopped in its tracks, and the signals indicate it may now be slipping backward. A preliminary sign of whether this will moderate inflation comes today when the Government publishes the April wholesale price figures. But there may be little trade-off. The candid Mr. Alfred Kahn, the White House counsellor on inflation, recently warned: "The country now faces the dilemma it has so long feared—the twin evils of accelerating inflation and the long-predicted recession."

From some quarters, the Carter Administration and Mr. Paul Volcker's Federal Reserve have been accused of "overkill." It is being seriously questioned whether the U.S. is not in fact now in for a repeat of the 1975 recession, when unemployment rose to nearly 9 per cent and real output fell by 1.4 and 1.3 per cent in two successive years. The answer at this early stage is probably no. But high stakes ride on it. If a definite halt has come to nearly five years of almost uninterrupted American expansion, then Jimmy Carter's re-election may be in doubt and a brake clamped on the Western economy in general.

The sharp fall of interest rates on Wall Street, commercial banks' prime rates have dropped from a peak of 20 per cent in mid-April to 17 per cent this week—coupled with the Fed's decision, also this week, to scrap the 3 per cent surcharge on its discount rate for bigger banks has provided a running commentary on the economic decline that has shown itself in

other ways. Most dramatic were the April jump in the unemployment rate to 7 per cent from 6.2 per cent a month before and a 2.6 per cent fall in March in the leading indicators index used to gauge future trends in the economy. These were the sharpest monthly movements in these indices for over five years, inevitably evoking comparisons with the mid-1970's recession.

The increase in the number of jobless by 825,000 in one month also was so sharp that one would be tempted to write it off as a statistical aberration, and likewise remind oneself that the leading indicators index has not always been the most reliable pointer—if other evidence shows lack of momentum. But across the board, consumer borrowing and factory orders are down. There are bright sectors and areas of the country—defence, aerospace and the South-West region—but in the overall weighing these are offset by massive declines in housing and the car industries.

With hindsight, Government economists are agreed that the 1.1 per cent real growth in the first three months of this year was actually concentrated in

stems from the long warning which business has had of this recession. It is that companies, given so many advance notices of a market decline, have been careful to keep their stocks and inventories lean. By contrast the suddenness of the OPEC oil shock has caught many firms with over-loaded stocks.

Equally, a White House economist notes that managers have had plenty of opportunity—in the run-up to this recession which for so many months failed to arrive—to pare their capital spending plans, but so far have signally not done so.

Wall Street is certainly in two minds about what lies ahead. This is evident from the behaviour of the market: share prices have advanced steadily since mid-April, suggesting that all is not doom and gloom. But the bond market, which feeds on bad economic news, has also surged ahead.

Perhaps Wall Street has allowed its judgment to be clouded by the euphoria over plummeting interest rates. Even so, its economists are far from unanimous in their forecasts, with some predicting a recession nearly as bad as the last

Wall Street's forecasting record is far from perfect. Some economists were predicting the start of a recession in 1977.

January. By February the tide was turning, and the economy was slipping in March as, unwittingly, the Carter Administration put together its programme for a balanced Federal budget and private credit crunch. Again, the consensus is that output will fall in the current second quarter, and at the very best, remain flat in July-September.

But a canvas of Administration and Fed officials brings no support for the view that the new recession will match in depth or duration that of five years ago. Various reasons are given, and new ones keep cropping up. For instance, it is argued that because of the unexpected speed of the past three-week decline in interest rates, it is possible that savings in housing and cars may soon touch bottom.

One basic argument, however,

and others expecting something considerably milder.

The pessimists can already build a convincing case on the sharp rise in unemployment and the big drop in the leading economic indicators. Set against the deeply depressed state of the housing and auto markets, these suggest that demand is falling away rapidly, dragging the rest of the economy down with it.

Proponents of this view point to the high level of consumer debt and the curbs on consumer credit imposed last March, both of which have put heavy fetters on consumer spending. Economists at one Wall Street investment house, Goldman Sachs, estimate that the real net worth of U.S. consumers has fallen nearly \$100bn or 5 per cent since the third quarter of 1979.

But though most economists

have been busy revising their forecasts down rather than up, there are still some optimists who expect the peak to trough to be less than 3 per cent of Gross National Product.

Their view is that few if any sectors of the economy are as vulnerable as they were in 1973. The real estate market is not as over-extended as it was then (indeed the worst of the property slump may already be past if interest rates stay down).

The recent spate of quarterly company results painted a picture of a corporate world concerned but not necessarily depressed about the future. The more buoyant industries included those in capital equipment (thanks to the huge investment programmes afoot in energy development, automaking and aerospace), and even steel which expects the country's huge new oil drilling programme to spur demand for pipes and stems, and partially offset the slump in Detroit.

But Wall Street's forecasting record is far from perfect. Some economists were predicting the start of a recession as long ago as 1977. What will happen undoubtedly depends largely on how the Fed handles credit policy over the next six months or so.

Interest rates have fallen so fast since the turn last month that it may be a little premature to judge the Fed's response. But, at the same time, it is highly unlikely that the Fed will alter its basic policy, which is to achieve its (unpublished) targets for money supply and bank reserve growth in the attempt to conquer inflation. And this suggests that once the dust from the crash in rates has settled, the credit markets will find the Fed guiding them firmly again.

The only thing that can be said with certainty at the moment is that domestic considerations are uppermost in the Fed's mind. The fall in U.S. interest rates has taken its inevitable toll on the dollar, but the Fed must be hoping that the foreign exchange markets will take heart from the more deep-rooted improvements that its economic policies should bring about in the months to come.

But the underlying assumption of the Fed-White House policy (that recession should produce an easing of inflationary pressures) has not gone unchallenged in Wall Street. Apart

from the school of thought that holds that recession has most of its impact on employment rather than prices (and therefore produces more real than relief), the prospects for major improvement in inflation seem rather remote.

Few economists expect the inflation or prime rate to go below 10 per cent in the foreseeable future, while other factors such as oil price rises will continue to fuel the fire. Inflation then is likely to remain the chief worry of Americans throughout this election year. Even with 7.3m people now without jobs, there are 10 times as many American

put out of work by import competition.

On the other hand, Mr. Carter wants to find good economic news to counter-balance the difficulties his foreign policy has run into recently. How else does one explain his facile boast, in the immediate wake of the Iran rescue fiasco, that his Administration had "turned the corner" on its economic policies? A chief casualty of the recession may well be Mr. Carter's plan for a balanced budget in October 1. (his proposal puts it into fictitious surplus of \$18.5bn, based on tax increases not yet approved by Congress). Con-

A chief casualty of the recession may well be Mr. Carter's plan for a balanced budget... organised labour would dearly like to see a spending increase.

voters affected by rising prices. But will President Carter keep his eyes on the inflation ball? Or will he be diverted into some political pump-priming if employment blight in key states threaten to rob him of a second lease on the White House?

It is hard to know which way the Jaws-like Mr. Carter will turn. On the one hand, he has undertaken to stick to his anti-inflation gunnys and often done this in an unpopular way. Blacks hurt by the President's cuts in social programmes have turned to Senator Edward Kennedy, who this week won the Democratic Primary in Washington D.C., a city that is 0 per cent black. Mr. Carter's exemplary free-trade policy has won him the support of the American consumer should not have to buy less efficient or more costly home products. The President recently repudiated "trigger prices" from imported steel and decided to put a bar on surging Japanese car imports. That has not endeared him to Pittsburgh or Detroit.

So far Mr. Carter has offered small palliatives to the half-housing and car sectors in terms of direct aid—increasing by a few millions of dollars interest rate subsidies to help the poor buy houses, while the extra \$1.5bn the President is tending to give laid-off car workers is something he is obliged to pay by law to workers

ceding a budget deficit in 1980-1981 may soon be necessary—the rule of thumb is that a one percentage unemployment rise increases federal payments and decreases revenue by a total \$25bn.

A deficit next year may also be taken as a major backstab by Mr. Carter. It should not be seen, unless that deficit is swelled by a politically motivated spending increase or tax cut. That could happen.

Certainly, organised labour would dearly like to see a spending increase. The AFL-CIO trade union federation is very worried about rising unemployment. If this goes too high, the federation has repeatedly warned it would pull out of the machinery of the President's pay guidelines. But this is largely bluff. During the primaries the unions have split between the President and Senator Kennedy, but now that Mr. Carter is almost certain to be the Democratic candidate they will coalesce around him to keep Mr. Ronald Reagan out of the White House.

The recession has probably come too late for Senator Kennedy to exploit and for the President to lose the Democratic Party ticket. He can still of course lose the general election—but only to Mr. Reagan who as a conservative Republican is likely to attack him for being too soft on inflation and not too tough on employment.

MEN AND MATTERS

Cocking a snook at City wisdom

Dr. Terence Gooding gleefully reminds us yesterday that Cambridge Instrument Company was, by general consensus, written off last autumn. His story, only six months later, is of a company learner yet larger, with expectations of £50m sales this year—more than double those of only two years ago.

"It is not a company that is dying—it is one that is growing," he claims. Gooding, 45, a company doctor, his speciality is salvaging ailing scientific instrument companies. Like Ian MacGregor of British Steel, he is a British-born American, doing much of his work in airlines commuting between his widely spread companies, and his Californian home.

His travelling companion for the past eight years has been Gerald Pritch, now chief financial officer of Cambridge. "Every venture we have engaged in has been a success," declares Gooding. Last autumn, they put £500,000 into Cambridge, which was on the verge of liquidation by its chief shareholders, the National Enterprise Board. It bought nearly 75 per cent of the votes.

The duo's secret is simply to look very closely at the balance sheet for every bit of the business—something the scientists who had mainly been managing the operation often forgot to do. Gooding admits that he learned a lot from Sir Arnold Weinstock, from whom he bought AEI Scientific Apparatus four years ago. Today this Manchester company is profitable again.

Cambridge, he found, was underpricing its wares, and did not really know what it cost to make these highly sophisticated products. Gooding convinced himself that the Cambridge name, 99 years old, was famous worldwide, even behind the Iron Curtain. Now he claims: "We are the highest priced." He backs the claim by announcing its most expensive instrument



yet, a manufacturing tool for "writing" the circuits on silicon chips. It costs £500,000.

Looking down

While it is generally accepted that one cannot keep a good man down, that is precisely where Robert Sprinkel III likes to be—down holes in the ground, scratching around in old mine workings in search of riches left by less technically able or less perspicacious miners from generations past.

This expatriate Californian investment banking drop-out, best known as prime mover in the rescue of Cornwall's Wheal Jane tin mine, has now set himself up with a new company, SPO Minerals, to produce barytes from diggings old and new in the Peak District.

Long ignored by diggers after lead and zinc, this obscure mineral is now coming into its own as an aid to drilling in the North Sea oil fields. Since it is relatively rich in lead, SPO will refine it to extract the metal before shipping the residue to the drillers. "The oil men are happy to take it with the lead still in it," he tells me. "But that would be like throwing

away the champagne with the bottle."

Admirable as this economical policy is, there is still something of the profligate about the man. A true entrepreneur, he seems to find it difficult to stay put and reap the fullest benefit from his successes. Now that Wheal Jane is well on the road to full production, Sprinkel is already thinking of giving up his directorship there. He needs more time, he explains, to nurse his latest baby. Not forgetting, of course, the many thousand vacant holes in the ground that need looking into.

Life begins at 73

"I am considering retiring," said Lord Grade yesterday. "Only in the year 2000. What worries me is what I am going to do after that."

The Grade's eye view of the matter, then, is that Associated Communications Corporation (owners of ATV, Pye Records, and Classic Cinemas) will still have the by then 93-year-old Lord Grade at the helm. A novel prospect in British business, but perhaps not entirely impossible. To prove it, the teetotal Lord Grade amused the gathering in a London restaurant with a flurry of Charleston steps. The purpose however, was neither to discuss Lew's blood pressure ("that of a child") nor to bewilder writers, but to discuss ATV's latest coup, to wit buying a majority shareholding in Jetset, the holiday and travel organisation.

Lord Grade is obviously deeply impressed by Reg Pycroft, Jetset's managing director. "He's tough," confides Grade. "I tried to get a discount for a friend on one of his flights, but he wouldn't have it."

Parting company

The Rothschilds, it is well known, never speak to the Press. The result is a scarcity of hard information about the rough and tumble which has been going on recently inside the family's inner sanctum. All

that reached my ears was the occasional muffled thud as the struggle continued behind closed doors.

Yesterday, however, there was a more than usually enlightening thud as a statement arrived on my desk declaring that merchant bank N. M. Rothschild has finally parted company with its investment trust.

In its early days NIT expanded rapidly and was widely viewed as the front runner in the family group, making glamorous investments in companies like Sotheby's and Wedd Duracher. But the shine quickly faded in the mid-seventies when NIT was left with gold at the wrong time and made damaging forays into property—most notably, perhaps, into the white elephant Manhattan Centre in Brussels.

Since then, although things have improved, NIT has failed to re-establish a clear role for itself in the family group, and in common with other investment trusts, its share price is far below net asset value. Now, firmly cast out by the matronly NMR which has severed financial and advisory connections in the process NIT's only remaining link is a shared telephone number. Even that, I am told, should be changed in the near future.

Excess liquidity?

Managers at Tricentral were taken aback a few days ago to receive a letter from a resident of the Midway wing of Maudstone Gaol. "Dear Sir," it began. "Please could you furnish me with one copy of the 1979 report and accounts. I look forward to hearing from you in the very near future." No doubt anxious to avoid annoying a potentially new stockholder, Tricentral has pressed me not to reveal the name of the correspondent. Meanwhile, some glossy brochures are on their way to Maudstone.

Observer

It's a fact Almost to a man, Industrialists have praised Skelmersdale's business-like help in settling them in

Skelmersdale
 Skelmersdale Development Corporation
 Pennylands, Skelmersdale Lancashire WN8 8AR
 Tel: Skelmersdale 24242 STD Code (0695)
 Telex: 628259

Living in the land of the spy story

SOMETHING about terrorism brings out the best in Mrs. Thatcher. The day after the assassination of Earl Mountbatten and the killing of 18 soldiers at Warren Point there she was—against all official advice—dressed in a flak-jacket visiting the troops in Ulster. It was her most brilliant single act since she became Prime Minister.

On Monday evening, after the storming of the Iranian Embassy in London by the SAS, she was at it again, though with less publicity, popping in to see the local police force.

There may be also something about terrorism, and war, that brings out the best in the British. It is true that we have had a certain amount of experience. Since 1945 no other country can have been involved in so many small wars: Kenya, Cyprus, Malaya, Aden, Oman, not to speak of Northern Ireland. There has been no shortage of training. But there remains something peculiarly British about the kind of dervish operations associated with the SAS.

The Americans, when they use force, tend to over-rely on technology. The Israelis have their own political motivation. The British tend to look like a bunch of amateurs, until it is necessary to become professional.

One may speculate upon the reasons: school, cold baths, playing rugby, the army as a unifying force which transcends the social barriers within its own ranks, the need to wait for a cause worth fighting for. None of them are entirely satisfactory.

It may be also significant that fiction follows fact—or is it the other way round. Most of the best spy stories are written by the British. Indeed it is hard to

escape the feeling that we are reliving the second world war. When Harold Wilson was Prime Minister he used to invoke the Dunkirk spirit in seeking to defend the pound. One had thought that all that was over with the coming of a generation to whom the war was a childhood memory rather than something in which it directly participated.

Evidently the roots go deeper. The time when Britain stood alone and survived is still remembered. It is regarded not just as a fundamental part, but as the fundamental part, of British history. Mr. Edward Heath is nearly 10 years older than Mrs. Thatcher and served in the war himself. It is Mrs. Thatcher who is more of the nationalist.

The SAS revives the memories and deserves every tribute to its activities. The successful storming of the embassy and the rescue of the hostages on Monday was a cause for legitimate pride. Yet there are also signs that pride is beginning to give way to chauvinism, even jingoism. Here, for instance, is Mr. Nicholas Winterton, a Conservative MP, asking a question to the Prime Minister after her return from the Luxembourg summit meeting last week: "Does my right hon. Friend accept that, even if she has isolated us from some of our friends in Europe she has united the nation, which at this time is a very good thing?" Mrs. Thatcher ducked the question, but she did not repu-

diate it. Indeed it was said afterwards that if she had referred to the French and the Germans as the frogs and the huns, her performance would have gone down even better.

On Tuesday Mr. Tony Marlow, another Conservative MP, asked as follows: "Will my right hon. Friend not agree that one of the major changes of the past few months is the new respect in which Britain is now held by the rest of the world, based on the increasing competence, sensitivity, and determination now abounding in Britain, which was shown especially by yesterday's events and all those involved in them? Will she also agree that, after a long period of time, everyone in this country can now once again hold up their heads (sic) and say how proud they are to be British?"

This time Mrs. Thatcher did not demur entirely. She replied in part: "I agree with my hon. Friend that the performance both of the police and the SAS made hon. Members on all sides of the House proud to be British."

In foreign policy terms, however, it is not clear where all this is leading. If the spy stories are anything to go by, and there are so many of them, that they must mean at least part of the national psychology, there is still great pride in standing alone and a fundamental belief that the British are at their best when up against it. The Americans are tolerated since they are so powerful. But they are also patronised and have to be coaxed along in the ways of diplomacy in order to prevent them doing anything silly. Their reliance on technology tends to be sneered at. The Europeans, in so far as they are mentioned at all, are either untrustworthy

or incompetent or both.

In real life it is much the same at the Foreign Office, and perhaps even more so in the Conservative Party. The importance of the American alliance is beyond question, but it is still a rather patronising relationship with the British supply the wisdom and the Americans the strength. At the Conservative Party conference last year almost the greatest applause, including prolonged stamping of feet, came for a delegate who referred to Senator Edward Kennedy as "that nauseating Yank."

The party dares not speak in that way publicly about President Carter because he is still in office and might be re-elected; hence the extraordinary absence of criticism of the fiasco of the Iranian rescue attempt and even the rallying behind the President's position. But in private the reaction is one of contempt and, in more intelligent circles, of some fear.

On Europe Mrs. Thatcher has shown how easy it is to stir up nationalist sentiment by standing up to the French and the Germans, especially the French. It has been said that she has sacrificed the support of President Giscard d'Estaing and Chancellor Schmidt for the plaudits of Mr. Enoch Powell. Certainly she has made it difficult for herself to swing back public opinion to the European fold if and when there is a settlement of the question of the British contribution to the Community budget.

And yet, what does the real world look like? It looks as if America is weakening and Europe is frightened. The American problems go beyond the present economic recession; there are problems of infrastructure, of inflation and of the low growth of productivity which will take considerable

time to resolve. There is a lack of leadership, and perhaps of a machinery to provide it. There is now a real prospect that the next President will be Mr. Ronald Reagan, something that would fill many Europeans with horror and create a new shock to European-American relations.

(It is worth noting, however, the reactions of a number of American intellectuals who are beginning reluctantly to support Mr. Reagan on the grounds that almost anyone would be better than Mr. Carter. The enigmas about the presidential election are perhaps Mr. Reagan's running mate, who has yet to

It should be clear by now that disunity is dangerous. Mrs. Thatcher has done well by securing far better offers of a reduction in the British contribution to the Community budget than were even dreamed of by Mr. Callaghan. On her own admission in the House of Commons, the country was nearer to a settlement at the Luxembourg summit than ever before.

But it ought also to be clear by now that she cannot get much more and that she will have to give something in return. There are some matters that will have to be tidied up: the duration of the agreement, for example. There was enough progress made in Luxembourg for a deal to be done, despite the fact that the French and German offers were afterwards officially withdrawn. But it will have to be done quickly, which means tying up most of the arrangements at foreign minister level before the next summit meeting in Venice next month.

Mrs. Thatcher has already hinted where the British concession might come and appears to have the backing of Mr. Callaghan. The Leader of the Opposition told the House of Commons last week that our trump card was the price freeze: "I repeat very strongly that we shall support her in not giving way on the agricultural price freeze until the budgetary issue is settled."

Mrs. Thatcher responded: "We shall not get agreement on the agricultural price settlement, or any other budget problem, unless our budget problem is satisfactorily solved." In other words, there is the basis of a deal on which foreign ministers are now working. Settle the budgetary question, say something about restructuring of Community expenditure, and the Community can have its farm price increases. That



Mrs. Thatcher out with the parasol

could be enough to persuade the French and the Germans to restore their offers. They, too, after all, must be worried about European unity in the face of American uncertainty.

At the Foreign Office in London there is no great confidence that it will come off, but at least the means are apparent. So is the realisation that this is no time to be quarrelling with Europe. As for Mrs. Thatcher, she may have to face the problem of wooing back public opinion in favour of the Community. That could be harder than stirring up nationalist sentiment against it. Real life unfortunately includes haggling over farm prices as well as commando raids.

Malcolm Rutherford

Pride is beginning to give way to chauvinism

It is worth looking to the European flank

Letters to the Editor

Product liability

From the Deputy Director General, Confederation of British Industry

Sir, — The extended correspondence in your columns on the subject of product liability is a good illustration of the complexity of the issues involved. Mr. Maurice Healy's claim (May 1) that no principle about the strictness of the liability is involved in proposals supported by the consumer organisations, is an oversimplification.

As I have tried to explain on previous occasions, the proposition which troubles the Confederation of British Industry and manufacturers generally is that of "liability irrespective of fault" through the extension of the law of tort to provide, in effect, a compensation scheme. This is quite different from the present strict liability for merchantable quality of a seller to a buyer under the law of contract.

Manufacturers are particularly concerned that, in the EEC draft directive which aims to give effect to this concept of strict liability, a producer shall still be liable even if the article could not have been regarded as defective in the light of scientific and technological development at the time when he put the article into circulation. This appears to them and to us to be not only entirely unjust but also to carry the serious risk of inhibiting innovation and development of new products at a price which the consumer can afford.

We must be realistic: absolute safety is not attainable. It is therefore necessary to reach an equitable balance; we believe that strict liability as currently being proposed does not achieve that balance and that its introduction may well inhibit the development of new products from which society as a whole gains.

As those who have studied the relevant documents will know, many other issues are involved, not least the definition of "safety": the matter is not at all clear-cut and simple, as its protagonists appear to believe.

Bryan Rigby, CBI, 21 Tolhill Street, SW1

Inner city housing

From the Director, National Home Improvement Council

Sir, — The points made by A. K. Ogilvy-Webb (May 1) following Gillian Darley's article about the Soho Housing Association and the need to revitalise the economies of inner cities are most important.

The National Home Improvement Council believes it is essential for the success of inner city revitalisation to mobilise all the interested people and to concentrate their resources in a combined effort to bring about results.

For this reason the NHIC is currently investigating the neighbourhood housing services concept (NHS) as it is applied in the U.S. Especially to consider how the concept has been translated into action and whether the idea can be adapted to the UK.

The NHS concept is about getting a partnership between residents, local government and financial institutions to revitalise a neighbourhood. It is concerned not only to improve the neighbourhood homes but also its total environment and social facilities. The key to the concept is the inter-action between public and private sectors, local residents and business interests to achieve revitalisation, rather than relying on one interested party, eg. the local authority.

There are two key organisational elements behind the concept: a central organisation which is able to act as a catalyst through the provision of information, education and training; liaising with all interested parties; and there is the local

NHS organisation built round the residents and commercial interests of the NHS area.

The NHIC is interested in this concept because it recognises the central importance of enlightened self interest as the motivation for action and uses it positively for the benefit of all the agencies involved in the improvement process. We believe it accords with current Government policy by: minimising intervention by the public sector; encouraging and organising private lending for home improvements; and preventing decline in the "better" part of our older housing stock which are of very little use if this concept is to find an answer to producing an ongoing catalyst for inner city revitalisation we must await the investigation.

Whatever the outcome we are convinced of the need to encourage and help those organisations which are actually trying to help the recovery of inner cities and wherever possible, persuade organisation to work together towards achieving a common objective.

Easton Castle, National Home Improvement Council, 28 Store Street, WCL.

UK: Mrs. Margaret Thatcher addresses Scottish Conservative Conference, City Halls, Perth.

Association of British Chambers of Commerce annual conference debates industry into the Eighties—speakers include Viscount Trenchard, Minister of State for Industry, Royal Garden Hotel, Kensington, London.

Mr. Michael Heseltine, Environment Secretary, gives opening address at Royal Institute of Public Administration and Institute of Local Government Studies conference, Royal Lancaster Hotel, London.

Six Clay Cross rebels apply for bankruptcy discharge, County Court, Chesterfield.

Special auction by Stanley Gibbons Auctions of "Marc Haas" collection of classic U.S. covers, London Tara Hotel.

Annual Ivor Novello Awards Luncheon, presented by the British Academy of Songwriters, Composers and authors, Grosvenor House, London.

Overseas: Second day of meeting of Nairobi Ministers from 68 countries to discuss European Common Market aid for African, Caribbean and Pacific (ACP) nations.

Franco-African summit meeting continues, Nice.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final dividends: Burrell, John

Today's Events

- Crowther Group, Edinburgh General Insurance Services, Garner, Scotblair, Nineteen Twenty-Eight Investment Trust, Usher-Walker, Weeks Associates, Interim dividends: Richard, Ulster Television, Vaux Breweries.
- COMPANY MEETINGS
- Ault and Wiborg, 71 Standon Road, SW, 12, Bronx Engineering, 75, Harborne Road, Edgbaston, Birmingham, 12, Church and Co., St. James, Northampton, 12, Eagle Star, 22 Arlington Street, SW, 12, High Gosforth Park, Newcastle-upon-Tyne, 12, Nu-Swift, Ladbroke, Mercury Motor Inn, Ainsley Top, Huddersfield, 12, Sharma Ware, Midland Hotel, Peter's Street, Manchester, 12.
- 12.30. Silkolene Lubricant, Silkolene Oil Refinery, Derby Road, Belper, Derbyshire, 12. Tri-centrol, Great Eastern Hotel, EC, 12. Ultramar, Winchester House, 100, Old Broad Street, 11. Unicorn Industries, 13, Park Street, Windsor, Berkshire, 12.
- CITY OF LONDON LUNCH-TIME MUSIC
- St. Paul's Cathedral, organ recital, Ian Sadler, 12.30. Central London Institute, 6, Bolt Court, song recital, Janice Wilks (soprano) and Nicholas Bosworth (piano), 1.10. Guildhall School of Music and Drama, recital of Italian Baroque vocal music, directed by Laura Sarti and David Roblu, 1.10.

Leasing, industry and the Finance Bill

From Mr. M. Robinson

Sir, — The Finance (No. 2) Bill had its second reading in the House of Commons on May 8 and this may therefore be an appropriate time to suggest that the Government should devote some time to a review of the proposals in the Bill to restrict capital allowances on assets purchased for leasing to third parties. I believe that if the provisions are enacted in their present form they will have a most damaging effect on a good many sectors of British industry.

The specific proposals follow from the Chancellor's Budget speech and he began his comments on this topic as follows:—"Leasing, in which the banks have been heavily involved, has grown rapidly in the past few years. Underlying this growth has been the 100 per cent capital allowance which leasing companies can claim on assets bought for leasing." This is indeed true and it is this abuse of the system which caused the Chancellor to scrutinise the world of leasing. His study of the problem however, led him to the following conclusion:—"The present rules apply to equipment leased to UK industrial and commercial companies, which would qualify in their own right for these tax incentives if they were to purchase the assets themselves. I do not propose any changes in transactions of this kind. Leasing finance has become an important—in many cases essential—source of finance for investment in manufacturing industry."

The Chancellor's decision in this matter is open to criticism. If leasing finance is so important to industry, it is surprising that it has only grown in recent years. The Chancellor gives the reason for this and he is quite correct that it is only the 100 per cent capital allowance and not the commercial consideration which have caused this phenomenon. If the purchase of an item of plant is a feasible commercial proposition when it is bought by a bank and leased to a manufacturer, will it not be equally feasible for the manufacturer to purchase the

plant himself raising the finance by way of loan from the bank?

The effect of the current leasing rather than lending policy of banks is to transfer tax incentives from one company, which might not necessarily need them (because of other reliefs, e.g. stock appreciation relief) to a company which uses those incentives to reduce its own tax liability. The primary reason for this type of leasing is not commercial but fiscal and this abuse of our taxation system should be stopped.

The Chancellor went on to say that "leasing effectively extends the benefits of tax incentives to certain users—such as overseas companies, certain public bodies in the UK and consumers—who would not qualify for the tax incentives if they had purchased the equipment themselves. I propose to end these anomalies."

The provisions as currently drafted will affect a company if an asset is leased at any time within a four year period to a person in one of those categories (subject to an exemption for leasing for short periods of time to each customer). Those particularly hard hit by this rule will be plant hire companies who may lease (say) a crane to a local authority to build a school or a hospital and they must ask a much higher rental if to enter into such a transaction would result in a clawback of their capital allowance on that crane. This cannot be socially acceptable.

A bona fide plant hire company will seek maximum utilisation of its plant and to achieve this may have to lease that plant to a non-taxable person and thereby suffer a clawback. Contrast this with the position of a bank which can pick and choose the assets it buys for leasing so as to ensure that the lessee is a UK taxable person and that the bank can therefore obtain the capital allowance. Furthermore, many plant hire companies operate an international hire division and the withdrawal of allowances for cranes used in this trade will have a serious effect on this significant source of foreign currency earnings, particularly

as such businesses are already suffering from the strength of the pound.

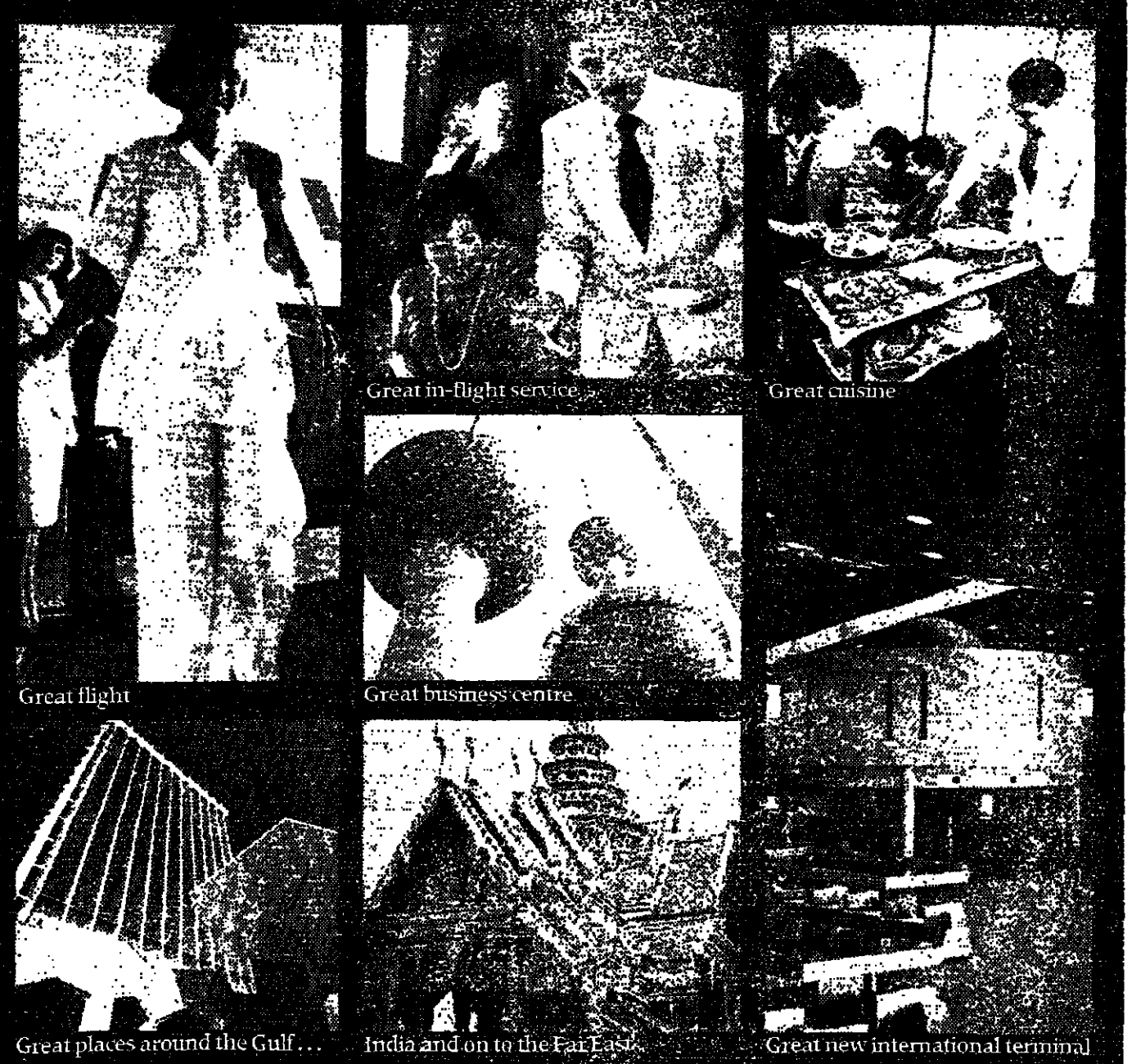
It seems that the Chancellor is determined to deny allowances to their rental companies as their assets are purchased for leasing to the consumer and if he is convinced I presume that he will not be swayed by appeals for clemency although it may be pointed out that (on the assumption that all industries are price competitive) tax allowances will ultimately benefit either a foreign person or a UK consumer and the distinction which he has drawn is therefore somewhat arbitrary. TV rental companies have claimed that the intended legislation would result in a swing away from rental towards hire purchase, the latter involving a greater proportion of imported sets.

There are many other types of company which will be affected by the proposed legislation, those, for example, involved in the hire of— aeroplanes, fork lift trucks, office equipment, sanitary equipment, scaffolding and many others. In some cases the extra costs involved in providing the information and documents required by the Inland Revenue to satisfy themselves that the provision do not apply will be extremely large.

The Chancellor referred in his speech to the liquidity problems facing many companies and these Budget proposals will do nothing but exacerbate the problem for many companies selected in an almost random way. I believe that he should follow the example of Anthony Barber and relent in his attack on companies whose only crime is to enter into normal business contracts with public bodies or foreign customers, concentrating instead on the true offenders, i.e. banks and other financiers who are taking an unfair advantage of our taxation incentive system to shelter their income from a proper tax charge.

Michael H. Robinson, 2 Parsonage Place, Tring, Herts.

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Political actions

From Mr. D. Franklin

Sir, — Mr. Gordon Richardson's admirable speech (April 24) to managers and trade unionists mentioned that "we must live in the uncomfortable world we know and it will require abandoning attitudes and assumptions that in postwar decades have not been questioned."

We will have to accept the fact that the consumer purchasing a product in the private sector will not accept inferior quality or wait for the delayed delivery of his purchase due to strike action. In the nationalised monopoly sector, if union members achieve a wage increase due to strike members or strike action, union members in other sectors will have to finance this wage increase and so the inflation spiral goes on and inflation.

Although 70 Tribune Group MPs have already expressed

Royal Bank of Scotland £10m rise at midyear

BENEFITING FROM increased volumes and high domestic interest rates, pre-tax profits of the Royal Bank of Scotland Group advanced to £51.75m in the six months ended March 31, 1980, compared with £41.08m last time.

However, margins on both domestic and international business have narrowed, and operating costs have risen more sharply than the rate of inflation, in particular provisions for pensions, says Mr. Michael Herries, the chairman.

The interim dividend is lifted from 1.52p to 2.2p net—last year a total of 3.82p was paid from 12 months' profits of £96.64m.

The first-half surplus is struck after charging bad and doubtful debt provisions of £8.1m (£7.4m), and includes an increased associates' share of £7.73m (£6.85m), due mainly to improved results from Lloyds and Scottish, and Yorkshire Bank.

On a current cost basis, the

pre-tax profit is reduced to £28m (£27.9m).

After tax of £18.55m (£14.62m), there is a net profit of £33.2m (£26.46m), and earnings per 25p share are shown as 14.8p (11.8p). An extraordinary credit this time of £1.41m (£1.05m), and the £4.95m (£3.42m) absorbed by dividends leaves the retained surplus at £29.63m (£23.16m).

Higsons soars first half

A SUBSTANTIAL improvement in pre-tax profits is reported by the Liverpool-based Higsons Brewery in the 26 weeks to March 28, 1980, and the figures are up from £137,552 to £613,147. Investment income and interest amount to £89,553 against

£28,046.

After tax up from £57,000 to £240,000, stated earnings per 35p stock unit are up from 0.8p to 3.68p, and the interim dividend is unchanged at 0.4p—last year's total was 2.75p from pre-tax profits of £1.37m.

Mr. K. R. Mackenzie, the chairman, says the increase in profits arises from a change to continuous trading from a serious strike situation during the previous year.

The trading profit as compared with two years ago is, however, disappointing and it indicates the difficulty of trading in an area of high unemployment such as Merseyside. Competition is severe, particularly in the free trade in which eroding margins give cause for concern, he says.

Given reasonable summer weather and a continuation of improved industrial relations he anticipates pre-tax profits for the year to equal the 1979 figures.

Turnover in the first six months was up from £9.38m to £11.22m.

Wood Hall aims for £8m after midterm Australian boost

LARGELY ATTRIBUTABLE to its Australian subsidiaries, pre-tax profits of Wood Hall Trust showed a substantial increase from £2.74m to £5.08m for the six months to December 31, 1979.

A full-year figure of around £8m is forecast, which compares with £7.88m previously which was before an exceptional debit of £1.56m.

The Australian subsidiaries of this industrial holding company are expected to produce lower profits in the second half, although their full-year contribution will be considerably higher than last time.

All companies within the group are being hit by high interest rates and by increasingly difficult and uncertain trading and economic conditions in the UK and other countries.

The directors expect to recommend a maintained net dividend of 6.21p per 25p share for the year.

Turnover for the six months advanced from £127.42m to £141.35m. Tax charge was £2.28m (£1.33m) and after

minorities and extraordinary credits, attributable profits merged ahead from £1.74m to £2.68m.

comment

The crystal ball is clear enough at Wood Hall to forecast £8m for the current year, indicating a prospective fully-taxed p/e of 7.4 and a prospective yield of 6.5. The market probably liked the profits, but was not so happy about a maintained dividend when it marked the shares down 14p to 84p.

Australia has provided the growth, though this will slow in the second half both seasonally and because of the effect of drought on pastoral business. UK construction has had a dull half, with materials handling performing well. The conservative dividend policy coupled with an absence of extraordinary items will give a substantial boost to current year retained earnings, which should in turn help to contain borrowings which in the 1979 balance sheet topped £40m.

British Sugar slips £0.4m as interest costs jump

ALTHOUGH PRE-INTEREST profits showed a 19 per cent advance to £16.39m, a sharp increase in interest charges meant that pre-tax surplus of British Sugar Corporation slipped from £10.19m to £9.8m for the 26 weeks ended March 30, 1980. Turnover rose by £18.41m to £237.54m.

Increased efficiency in the production of a record amount of white sugar, 1.15m tonnes, helped the group to offset soaring inflation in the general price of fuel and some other bought-in materials, while price changes also made some contribution.

Profits would have been higher but for the group's policy decision to contract to pay the farmer's share (about 15.2m in the full year) of the "B" quota levy on sugar from the 1979-80 crop, in order to offset green pound over-valuation at that time.

The jump in interest charges from £3.56m to £6.58m resulted from the group's substantially higher stocks at the end of the period, which led to increased borrowings at very high levels of interest.

This year there will not be a boost to second-half profits from devaluation of the green pound, although some price increases and a higher volume of sugar sales will assist.

Tax for the first six months took £707,000 (£697,000) leaving net profits of £9.1m against £9.72m. To reduce disparity, the interim dividend is lifted from 1.815p to 2.75p net per 50p share, costing £1.65m (£1.09m)—the 1979-78 total was 7.7p on £22.41m taxable profits.

Looking ahead, the directors say they are confident that any check in profits will be short-term.

They feel that the present level of interest rates will not continue for long, while in addition, the contract negotiated for the new (1980-81) crop, which has recently been drilled, shares the burden of the "B" quota levy more equitably between the farmers and the company.

Further improvements are expected to show through in the efficiency of the group's reconstructed factories, following the completion of the main expansion programme.

Their confidence is reinforced by the group's emphasis on cost efficiency and that its competitors no longer benefit from subsidies.

Areas of the new crop are about the same as last year but they have been sown earlier and in virtually optimum conditions. Referring to the EEC's quota negotiations, the directors comment that uncertainty is not

HIGHLIGHTS

The Lex column comments on the limited applications for the new gilt-edged issue and the Governments further extension of its help to the banks, before going on to discuss the day's three main company stories. The Royal Bank of Scotland disappointed with its half year profits which are lower than the second half of last year despite extremely high interest rates. The British Sugar Corporation is being hit by the costs of financing its sugar mountain and hopes of a cash surplus have been deferred. Finally Lex analyses the complex deal whereby S. Pearson realises part of its indirect investment in London Merchant Securities.

helpful and hat it inhibits crucial decisions about the future development of British Sugar and also denies the group its deserved rating outside.

£1.4m rise at Argus Press

PRE-TAX PROFITS of Argus Press Holdings, wholly owned by the British Electric Traction Company, improved to £3.89m for 1979, against £2.53m, after rising from £1.28m to £2.11m at halfway.

Turnover, of this printing and

publishing concern, jumped nearly £17m to £38.03m (1978-79), and the dividend is increased to 37p (22p) per share with a final of 27p.

The year's tax charge was £1.98m compared with £1.32m, and minority interest was £27,660 (£23,266).

Earnings per share are given as 87.88p (35.93p). Turnover of subsidiary, Argus Press Limited, advanced to £24.8m (£18.43m), and the taxable surplus finished the year ahead at £3.08m compared with £2.55m.

Earnings per share are shown as 78.58p (71.25p) and the dividend is cut from 46p to 43.5p with a 23p final payment.

Tax took £1.65m (£1.33m) and minorities' profits were £16,542 against £12,368.

Bellway expecting similar result

WITH PRE-TAX profits edging ahead from £1.74m to £1.94m in the six months to January 31, 1980, Bellway, the Newcastle-upon-Tyne housebuilder, expects results for the full year to be maintained.

The first half results are considered to be satisfactory in the prevailing economic climate, and they are indicative of the continuing demand for house purchase in the areas where the company operates.

Subsidiary companies continue to make a useful contribution to pre-tax profits, but the closure of its overseas activities is proceeding and the assets are being realised, says the Board.

First half trading profit improved from £1.55m to £1.99m, and net property rental was up from £101,000 to £121,000. Interest payable was £270,000 against £209,000.

After tax of £198,000 (£194,000) and extraordinary debits last time attributable profit came out at £1.64m (£1.25m). Stated earnings per 25p share are unchanged at 12.7p, and the net interim dividend is a same again 3p—last year's total was 7p from pre-tax profits of £3.72m.

Turnover for the half year was up from £12.26m (£13.07m).

Fairclough

Orders worth about £70m have been received by Fairclough

Construction Group since the beginning of January to the present time, Mr. Oswald Davies, the chairman, told shareholders. "We are getting more than our fair share of the market," he said.

The workload was considerably more than in the previous year, even allowing for inflation.

He said the company expected to do better this year and that a good year would follow in 1981.

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Megafoam plans to enter market through placing

BY TERRY GARRETT

MEGAFOAM, a cavity wall insulation company, is planning to come to the stock market with a full listing this autumn. The company will be making a placing through stockbrokers Earnshaw Hayes of a quarter of the equity. The founding directors, David Cameron and Edward Gibbons will be selling some of their shares and probably there will be some new capital which may be used to increase the asset base by the purchase of freehold property.

Megafoam is one of the survivors of the mid-seventies debacle when the Government of the day clamped down on cavity wall insulation companies because of the number of "cowboys in the trade." The Government's move meant that all cavity wall insulation would be in breach of the building regulations. Therefore all insulation had to be approved by local councils. This slowed down orders dramatically. The number of companies in the industry dropped from 3,000 to around 100. Later the Government agreed to a relaxation.

However, sales took a tumble and by 1976 Megafoam was told by its advisors that it should go into liquidation. It was at this

point that David Cameron, the chief executive, came into his own. He saw a revival in the market despite the heat-wave of that summer. Time has proved him correct and this year Megafoam could make a profit of £0.5m on sales of £3m.

It is still a one product company. Despite some attempts to diversify during the mid-sixties which proved uneconomic, David Cameron stayed true to the foam insulation market.

Earnshaw Hayes reckon that Megafoam could come to the market with a market capitalisation of around £2.5m. The yield will probably approach 10 per cent and the p/e (fully taxed) will be pitched in the area of 10.

PEERLESS

Peerless, a diversified consumer products group, is due to publish its prospectus on Monday in connection with the offer for sale of 25 per cent of its issued share capital.

The group is estimating a pre-tax profit for £3.8m for the year ended March 31, 1980 on sales of £33.3m. Brokers to the offer are Hoare Govett and Murray and Company.

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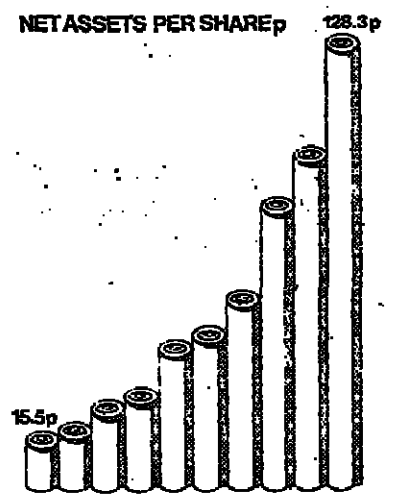
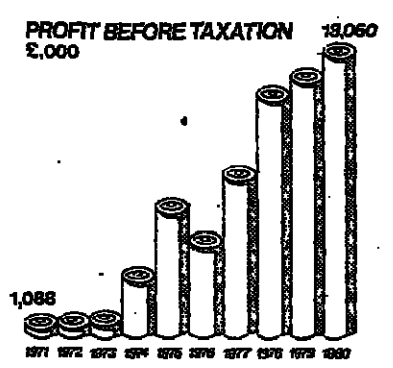
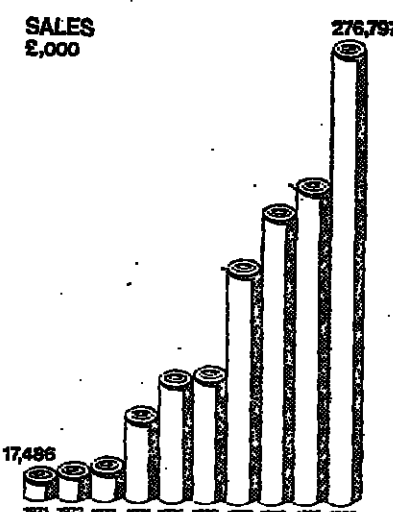
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- * Assets per share grew 32% to 128.3p. Earnings per share were marginally lower at 20.9p due to the Rights Issue dilution and a higher tax charge.
- * The balance sheet is strong with net borrowings at 28% of Shareholders' Funds.

Current Trading

First quarter results now published by Alton are clearly heartening, showing pre-tax profits of US \$4.9m, already 53% ahead of profits for the whole of last year. Nigeria came back into profit in the closing months of the year and offers hope of substantial recovery. Australia will continue to grow. Against these, we are pessimistic in the short term about the UK and Ireland. We will strive very hard, however, to ensure that the pattern of growth that marked the past decade is continued without interruption.

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UK COMPANY NEWS

Hoveringham hit by higher depreciation and interest

HIGHER depreciation and interest charges have cut back the trading surplus increase at Hoveringham Group and left this quarry concern with a taxable profit of £1.06m (£1.81m for 1979). Turnover expanded from £45.8m to £61.7m.

Trading surplus was £9.56m against £7.4m, but interest took £1.72m, compared with £1.6m, and depreciation £5.54m (£1.5m). Pre-tax figure was also struck after land depletion of £34,000 (£27,000) and included associates' profit of £139,000 (£152,000).

After lower tax, however, of £1.53m (£2.58m) the year's net profit came out virtually unchanged at £2.25m against £2.29m.

Earnings per 25p share are shown as 11.89p (12.19p) and the dividend is stepped up to 2.7875p (2.8227p) net with a final payment of 2.1p.

comment

Hoveringham would have been level-pegging if it had not been for a pre-tax loss of almost £1m from its Texas-based sand and gravel concern. After a winter-induced 55 per cent pre-tax fall at the half-way stage, the second half picked up a home quarry interests, a significant part of group business, held their own and there was a net gain of 11.5 per cent in pre-tax earnings in the second half. But interest charges, some related to the U.S. acquisition, almost tripled, cutting into earnings. The U.S. problems may continue with reorganisation expenses and that demand keeping Texas in the red until the end of 1980. With its revaluation of UK properties the company is now riding on a net asset value of around 150p, against a share price of 70p. Other companies might shudder at this situation, but Hoveringham has a complex and efficient system of family control. The p/e of 5.7 does not include any bid speculation because of this tight control. Hoveringham has put the dividend up by a fifth and the yield comes to just under 6 per cent.

R. Cartwright

After spending over £75m on providing extra space and production capacity for its steel partitioning company at Redditch, R. Cartwright (Holdings) had been told it could have no extra supplies of gas. Mr. J. C. Norham, chairman, told the annual meeting.

As the manufacturing processes in this unit were heavily dependent on gas, the company would not be able to work economically, would not get the extra production to meet demand, and the extra labour for which it had budgeted would not be employed, he said.

Referring to the current year, Mr. Norham said most companies in the group had had a better first quarter. But he felt it would be foolish to try to make a prediction even on the half-year results.

£2.15m loss by British Enkalon

FOLLOWING LAST September's warning of a disappointing full year result, British Enkalon, man-made fibre producer, badly affected by an overwhelming flow of U.S. imports, incurred a pre-tax loss of £2.15m for 1979, compared with £0.25m previously. The company is controlled by Akzo NV, of Holland.

To overcome these problems and its present high financing costs, the group is pressing ahead with actions within the Enka Fibre Group of Akzo.

The year's result included associates' profits of £388,000 (£452,000), but was struck after interest up sharply from £1.01m to £2.34m.

There was a tax credit of £9,000 (£501,000) and after minorities the attributable deficit emerged at £2.64m, against £0.99m.

Loss per 25p share reached 7p (3p).

At the interim stage, loss before tax had increased from £265,000 to £531,000.

LK Industrial in loss and passes final

After falling from £164,544 to £29,290 at midway, LK Industrial Investments finished 1979 with a pre-tax loss of £14,893 against profits of £201,366.

The deficit includes trading losses of £73,680 from the now discontinued operations of Kirby Dairford, but also reflects lower than forecast profits from other subsidiaries and high interest, say the directors.

The final dividend is omitted, leaving the total for the year at

1.5p (2.9p), and the directors say they will review the situation as the current year progresses. They warn that trading conditions for those companies in the group involved in the supply of capital equipment have not been easy in the opening months of 1980.

Turnover of the group, which manufactures metal, plastic and synthetic rubber products and equipment to the clothing and packaging industries, was virtually static at £4.42m (£4.54m).

There is a tax charge of £107 (£65,561) and an extraordinary debit this time of £30,419, representing the losses of discontinued operations together with reorganisation costs.

The loss per 25p share is shown as 0.69p (5.69p earnings).

F. Cooper higher: plans scrip

FIRST-HALF 1979-80 taxable profits of Frederick Cooper (Holdings), steel processor and engineer, rose from £291,616 to £341,393, and the directors propose to make a one-for-three scrip issue.

The interim dividend is raised to 0.5p net (0.33p)—last year a final of 1.1p was paid from total pre-tax profits of £578,499.

Turnover went ahead from £8.35m to £7.25m and six months' tax takes £79,040 (£87,468).

Davenports Brewery improves

ON TURNOVER almost £1m higher at £13.24m, taxable profits of Davenports Brewery (Holdings) increased from £507,000 to £586,000 for the half-year to March 29, 1980.

Stated earnings per 25p share climbed from 2.99p to 3.45p and the interim dividend is raised to 1.1p (0.88p) net—the total last time was 3.55p on pre-tax profits of £1.55m.

Interest charge for the six months increased from £117,000 to £161,000 and tax was up from £264,000 to £305,000.

PORTALS HLDGS.

The annual general meeting of Portals Holdings has been postponed to June 15, because of the printing industry dispute.

Tricoville 20% up midway

ON TURNOVER just ahead from £4.94m to £4.92m, taxable profits of Tricoville, design and marketing, of fashionwear concern, expanded by 20 per cent from £415,000 to £501,000 for the half-year ended January 19, 1980.

Mr. D. A. Jacobs, chairman, says the group is confident of record profits for the full year—pre-tax surplus for the 1979/80 year rose to £892,000.

The interim dividend is boosted from 0.675p to 0.848p, a 25 per cent increase, last year's final being 1.325p net per 10p share.

Tax for the six months takes £248,000, compared with £198,000, leaving net profits ahead at £255,000 against £217,000.

Interim dividend cost is £33,549 (£27,000).

No interim at Hawkins and Tipson

AFTER falling from £1.1m to £927,000 last year, Hawkins and Tipson has pushed pre-tax profits up from £127,000 to £288,000 for the six months ended February 29, 1980.

But in view of uncertain trading conditions, the directors are not paying an interim dividend—last year's final was also omitted leaving the total at 1p (4.48p) net per 25p share.

Mr. A. J. Barrett, chairman, says that the factory and office closure programme is well advanced and will be completed during the second half. However, while significant savings arise from the programme, he says that associated redundancy and closure expenses will represent a net additional cost for the year.

Sales for the six months were 16 per cent higher at £10.12m (£8.73m). The chairman says that trading conditions for the rope and wire rope side of the business were difficult, but that encouraging progress continues to be made in the gardening and leisure sectors.

Profits were struck after interest of £332,000 (£261,000). After an extraordinary debit of £47,000 for the period, and dividends last time, the retained balance was £125,000 compared with £8,000.

CELTIC BASIN

Celtic Basin Oil Exploration announced that acceptances have been received in respect of 23,411 (82.3 per cent) of the new ordinary shares offered by rights.



BRITISH SUGAR CORPORATION LIMITED

INTERIM REPORT 1979/80

For the 26 weeks ending 30 March, 1980

The unaudited results for the first 26 weeks of the Company's financial year are as follows:—	26 weeks ended Mar 30, '80 £000	27 weeks ended Apr 1, '79 £000	53 weeks ended Sept 30, '79 £000
Turnover	237,544	219,127	381,031
Profit before interest	18,387	13,756	39,921
Interest	6,584	3,565	7,513
Profit before Tax	9,803	10,191	32,408
Tax	707	467	1,980
Profit after Tax	9,096	9,724	30,428
Dividends	Interim 1980*	Interim 1979	Final 1979
Inclusive of associated tax credit at 30%	3.930p	2.593p	8.407p
Net of Tax	2.750p	1.815p	5.886p

*To be paid on June 13, 1980 to shareholders on the register at close of business on May 22, 1980.

The interim results show 19% advance at pre-interest level despite galloping inflation in the general price of fuel and some other bought-in materials. Increased efficiency in the production of a record amount of white sugar, 1,154,000 tonnes, was the major factor in offsetting this inflation, with price changes also making some contribution.

The pre-interest profit would have been higher but for the Company's policy decision to contract to pay the farmers' share (about £5.2m in the full year) of the 'B' quota levy on sugar from the 1979/80 crop in order to offset green pound over-valuation at that time.

Substantially higher stocks at the end of the campaign (a penalty of success) resulted in higher borrowings at much higher levels of interest. Nearly-doubled interest charges could not be met out of increased efficiency and therefore the pre-tax level of profit has suffered by comparison. This year there will not be a boost to second-half profits from devaluation of the green pound as in the past two years, although some price increases and a higher volume of sugar sales will assist.

Looking ahead, apart from anxieties about EEC quotas and the rate of inflation in this country, three factors give us confidence that any check in profits will be short-term.

- It seems unlikely that the present penal level of interest rates will continue for long
- The contract negotiated for the new (1980-81) crop which has just been drilled shares the burden of the 'B' quota levy more equitably between the farmers and the Company.
- We expect further improvements in the efficiency of our reconstructed factories to show through, following the completion of our main expansion programme.

In a highly competitive market our confidence is reinforced by our emphasis on cost efficiency and by the fact that our competitors no longer benefit from subsidies.

Areas of the new crop which have now been drilled are about the same as last year but they have been sown earlier and in virtually optimum conditions.

The EEC's quota negotiations drag on and no solution has yet appeared. This uncertainty is not helpful. It inhibits crucial decisions about the future development of the Company and also denies the Company its deserved rating outside.

The determination of the British Government to reject both the original and modified proposals, on the grounds that they are discriminatory and unfair to Britain, is heartening, as is the support given to our vigorous campaign against the proposals by our growers and the NFU, our employees and their trade unions, and particularly our customers and their trade and consumer associations. If British Ministers remain resolute, a sensible solution will emerge which will not be damaging to British agriculture and consumers, or to your Company and its employees.

The increase in the total dividend last year almost wholly applied to the final dividend and this has produced too great a disparity between interim and final dividends. It is therefore proposed to pay an increased interim this year but this should not be seen as predicated an increase in the total dividend.

Gerald Thorley,
Chairman
8 May, 1980

BRITISH SUGAR CORPORATION LIMITED

P.O. Box 26, Oundle Road, Peterborough, PE2 9QU.

1979: A YEAR OF CONTRAST

- In the first six months severe weather conditions seriously affected our principal operations. The strength of these operations enabled us to recover the ground lost with the return to more normal weather. Turnover was up by 18.6% with an increase in profit before taxation of 29.4%.
- We have maintained our policy of seeking further opportunities at home and overseas within our traditional industries and also in the new products field.
- 1980 started well. Our new businesses in the United Kingdom and our interests overseas will make an increasing contribution to our operating profits.
- In addition we have a strong cash flow which we shall utilise to maintain and strengthen our existing businesses and to provide opportunities for growth in the future.

John Camden, Chairman

Ready Mixed Concrete Limited
Summary of Group Results

	1979	1978
Turnover	£749.6m	£632.2m
Profit before taxation	£47.3m	£36.6m
Earnings	£25.6m	£20.7m
Dividends per share	8.25p	6.7p
Basic earnings per share	33.0p	28.0p

THE RMC GROUP

The Annual General Meeting will be held at The Carlton Tower Hotel, Cadogan Place, London SW1, on Friday 30th May, 1980 at 11.30 a.m.
For a copy of the 1979 Report and Accounts please apply to:-
The Secretary, Ready Mixed Concrete Limited, RMC House, High Street, Feltham, Middlesex TW13 4HA.



The Royal Bank of Scotland Group Limited

Interim Results

Six months ended 31 March 1980

	6 mths ended	6 mths ended	12 mths ended
	31.3.80	31.3.79	30.9.79
Profit before taxation	£51.8m	£41.1m	£96.6m
Profit attributable to ordinary shareholders	£34.6m	£26.6m	£61.2m
Earnings per 25p ordinary share	14.8p	11.8p	27.3p
Dividend per 25p ordinary share	2.20p	1.52p	3.92p

Extract from Interim Statement by the Chairman, Sir Michael Herries

The unaudited profit before taxation for the six months ended 31 March 1980 on an historical cost basis amounted to £51.8 million compared with £41.1 million in the corresponding period last year; an increase of 26 per cent. After adjusting for the effects of inflation the profit before taxation on a current cost basis was £28.0 million and for the corresponding period last year £27.9 million.

During the six months to 31 March 1980 the Group has benefited from increased volumes and high UK interest rates - average base rate was 16.25 per cent. compared with 12.14 per cent. for the same period last year, but these have been partly offset by the narrowing of margins on both domestic and international business. Operating costs have risen more sharply than the rate of inflation, in particular provisions for pensions. The increase of 13 per cent. in the share of profits from associated companies was mainly due to improved results from Lloyds and Scottish Limited and Yorkshire Bank Limited.

After charging taxation and preference dividends and taking account of extraordinary items, the profit attributable to ordinary shareholders for the half-year ended 31 March 1980 is £34.6 million on an historical cost basis and £10.9 million on a current cost basis.

The Royal Bank of Scotland Limited WILLIAMS & GYNS BANK LIMITED



HIGSONS BREWERY LTD.

Interim Statement

Unaudited results of the Group for the 26 weeks ended 28th March, 1980 are as follows:-

	26 weeks to 28.3.80	26 weeks to 30.3.79	26 weeks to 31.3.78	52 weeks to 28.9.79
Turnover (external sales excluding VAT)	11,216,000	9,382,000	9,628,000	20,756,000
Trading Profit	523,594	108,506	562,065	1,348,734
Investment Income and Interest	88,553	28,046	23,327	42,864
Group Profit before taxation	612,147	137,552	585,392	1,391,598
Less Corporation Tax	240,000	57,000	306,000	581,000
Group Profit after tax	372,147	80,552	279,392	810,598
Earnings per Ordinary Stock Unit	3.68p	0.80p	2.76p	8.00p

Note: The above figures have been prepared using the accounting policies described in the 1979 Report and Accounts and the figures for the half years to March, 1979 and March, 1978 have been adjusted accordingly.

CHAIRMAN'S COMMENTS

The substantial increase in profit for the half-year to the end of March, 1980 as compared with 1979 arises from a change to continuous trading from a serious strike situation during the previous year. The trading profit as compared with two years ago is, however, disappointing. It indicates the difficulty of trading in an area of high unemployment such as Merseyside. Competition is severe, particularly in the free trade in which eroding margins give us cause for concern.

Given reasonable summer weather and a continuation of improved industrial relations I anticipate pre-tax profit for the year to equal the 1978 figures.

Your Board are pleased to recommend an unchanged interim dividend of 0.4p per ordinary stock unit of 25p which will be paid on 18th June, 1980 to stockholders on the register on 22nd May, 1980. The cost of this interim dividend will amount to £40,506 net.

K. R. MACKENZIE
Chairman

8th May, 1980

Mardon Packaging International Ltd.

Summary of results

Year to 31st December 1979 (unaudited)

	1979	1978	Increase
Sales to customers outside the B.A.T. Group	£372	£310	20%
Operating Profit	30.0	26.7	11%
Attributable Profit before Taxation	23.5	22.0	7%
Attributable Profit after Taxation	18.1	14.9	21%

Following acquisition by B.A.T. Industries on 8th November 1979 the Group's year end has been changed to 31st December and statutory accounts produced for the three months to 31st December 1979. The above results are based on the unaudited but comparable twelve month periods to 31st December 1979 and 1978.



Mardon Packaging International Ltd.

Clifton Down, Bristol BS8 3JU
Packaging manufacturers and printers operating in the U.K., Ireland, Canada, U.S.A., France, Germany and Southern Africa. Mardon Packaging is the Packaging and Printing Operating Group of B.A.T. Industries Limited.

Companies and Markets

UK COMPANY NEWS

Serck climbs to £1.2m midyear and is confident

THE aftermath of the engineering strike had a retarding effect on results of Serck, manufacturer of heat exchangers and valves, control equipment and vehicle exchange parts. In the six months to March 31, 1980, but pre-tax profits still climbed from £500,000 to £1.2m. Sales were up from £44.8m to £52.6m.

The figure was struck after interest up from £600,000 to £150,000 (credit), stated earnings per share an annual rate are 3p against 2.4p and the net interim dividend is trimmed from 2.2p to 1.2p—last year's total was 3.4p from pre-tax profits of £1.6m. Mr. R. G. Martin, the chairman, expects this level of dividend to be at least maintainable in 1980. Closure and major reorganisation costs incurred and committed during the year to September 30, 1979 of £3.1m which were treated as extraordinary items, are not included in the interim figures.

Although business conditions are in general difficult, the chairman's previous expectation of a much improved full year result remains.

Commenting on the unsuccessful offer by Rockwell International Holdings for the 70.3 per cent shares of the company not held by them, Mr. Martin says: "Insofar as shareholders have been deprived of an opportunity to realise their investment at a price substantially in excess of market value, the outcome is disappointing."

In other respects, however, the bid was not welcome and the Board would not welcome any other takeover proposals.

● **comment**
Savage interest rates are taking most of the steam out of Serck's attempts to pull out of the 1979

trough and although the group remains confident of the strength of the services, heat exchange and, most importantly, the valve divisions, recovery will clearly be a long process. The water processing and controls operations are apparently moving further into higher technology markets but the establishment of plug valve production facilities in the U.S. must be seen as a medium term project. In the meantime, the group is obviously very aware of the possibility of yet another bid. Rockwell is holding its near 30 per cent stake as an "investment" but the yield of 6.5 per cent implied by a maintained dividend this year at its buying price of 75 offers scant argument for hanging on at all costs. Down 1p to 52p yesterday, the shares are now yielding 9.8 per cent but a return to the quoted offer price will require sound evidence that a recovery is firmly based and that last year's £7.2m cash outflow has been staunch.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.	
TODAY	May 12
Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 12
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 13
FUTURE DATES	May 13
Interim—Bass, Hermal Smith, Jenkins and Cattle, Jessups, Kelsey Industries.	May 14
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 15
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 16
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 17
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 18
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 19
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 20
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 21
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 22
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 23
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 24
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 25
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 26
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 27
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 28
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 29
Final—James Scott, Burrell, John Crowder, Garner Scotland, 1928 Investment Trust, Philips Lampas, Usher Walker, Wools Associates.	May 30
Final—Hawtin, Interim—G.R. Holdings, N55 Newsagents, Richards Limited, Uster Television, Vaux Breweries.	May 31

Hawtin grows by £159,000

Pre-tax profits of Hawtin, manufacturer and distributor of protective clothing and safety equipment, improved by £159,000 to £1.18m in the year to January 31, 1980.

The surplus was struck after interest substantially higher at £266,000 against £50,000.

After tax of £133,000 (£200,000) and an extraordinary debit of £177,000 (£183,000), stated earnings per 5p share are 2.97p (2.34p). The dividend is unchanged at 0.25p.

Turnover for the year climbed from £7.72m to £12.13m.

INVESTMENT TRUSTS

British Inv. Trust advances

TOTAL REVENUE of the British Investment Trust expanded from £6,158,280 to £8,314,590 for the year ended March 31, 1980 and earnings per 25p share emerged up by 2.07p to 8.18p.

Including this time the special 0.85p already paid, the dividend total is stepped up from 5.7p to 7.85p net per share with a final of 4p.

Tax charge rose from £1,708,442 to £2,546,718.

● **CANADIAN AND FOREIGN**

Gross revenue of Canadian and Foreign Investment Trust improved from £675,000 to £737,000 and earnings per 25p share were 5.79p, against 4.84p. A final dividend of 3.35p makes a total net payment of 5.1p (4.5p).

Total net assets attributable to ordinary holders dropped from £11.31m to £9.82m. Net asset value per share was down at 147p (169.3p) after prior charges at par, and at 151.5p (173.6p) after the same at market value.

● **ATLAS ELECTRIC TRUST ADVANCES**

Including non-recurring dividends of £0.47m, gross income of the Atlas Electric and General

Trust rose some 25 per cent to £6.57m in the year ended March 31, 1980, compared with £5.51m. The dividend is stepped up from 2.25p to 3p net with a final of 2.1p.

After all expenses, including tax of £1.58m (£1.51m), net revenue is £2.59m (£2.67m) and earnings are shown up from 2.34p to 3.46p, including the non-recurring dividends, and 3.16p excluding them.

Net asset value, after deducting prior charges at par and including investment currency premium, is 88.5p (89p).

● **DUALVEST**

Pre-tax revenue of Dualvest, investment trust, improved from £758,542 to £950,431 in the year to March 31, 1980.

After tax of £332,500 (£286,132), net revenue came out at £617,931, against £472,410. The final dividend is raised from 2.961p to 3.203p, making the total 6.9659p (6.141p), which includes a special payment of 0.7249p.

Net asset value per share was 401.1p (472p).

● **ALTIFUND AHEAD**

Net revenue, after expenses and interest but before tax, of Altifund, investment trust, rose

from £382,12 to £469,440 in the year ended March 31, 1980. Gross revenue was ahead at £514,470 against £424,284.

The dividend on income shares is lifted from 10p to 12.5p net with a final of 8.5p. A final of 0.425p increases the payout on capital shares to 0.825p (0.5p).

Tax for the year takes £146,166 (£131,890).

At the balance date, total assets at market value, less current liabilities including the dividends, amounted to £5.91m (£7.82m).

● **TRUST UNION**

Including this time special non-recurring income of £224,773, total income of the Trust Union rose by 25 per cent to £2.47m for the year ended March 31, 1980. After all charges and tax revenue climbed from £982,057 to £1.38m.

Earnings per share are shown as 3.16p (2.24p) including non-recurring income, and as 2.79p (2.24p) excluding the same. A final dividend of 1.5p raises the net total of 28.6 per cent from 2.1p to 2.7p—a total of 3p is forecast for the current year of which 1.5p will be paid as an interim.

Net asset value per share fell by 12 per cent from 84.1p to 75.8p.

Sandhurst Marketing £0.51m for year—future 'superb'

FOR the year ended January 31, 1980, turnover of Sandhurst Marketing amounted to £8m and pre-tax profits were £507,000. For the January 31, 1979, seven months period, comparative figures were £2.8m and £200,000 respectively.

Mr. B. D. Hulme, chairman of this stationery products and chemicals group, says in his annual review with the accounts that the future looks superb as every company in the group is poised for growth.

Turnover for the first eight weeks of 1980-81 is up by 33.3 per cent, and the group is trading profitably, he states.

He adds that directors are looking for a total turnover in excess of £7.6m for the current year, "with the commensurate net profits."

Following acquisitions and developments in the Channel Islands, during and after the 12 months period, the directors anticipate over £1m turnover from this stationery side of the business.

Year-end earnings per 10p share are shown as 12.99p (5.43p) for seven months, and the dividend total is 2.54p (£0.80p) with a final payment of 1.56p. Also proposed is a one-for-three scrip issue.

Tax took £22,000 (£3,000 credit), and after an extraordinary debit of £58,000 (£10,000) and dividends, £57,000 (£38,000), the amount retained came through at £340,000, compared with £167,000 for the seven months last time.

On a C.A. basis, profits are reduced to £347,000 after adjustments for depreciation of £45,000, cost of sales £200,000 less gearing £85,000.

Meeting, Crawley, Sussex, June 2, at 11.30 am.

● comment

Sandhurst has lived up to expectations by breaking the £1m profits barrier. With the first quarter showing a sales gain of 35 per cent and a forecast of £7.6m sales as a basis, profits in this twelve months should top £500,000 assuming no disasters in the second half. The next set of figures—the half year to July—will not look brilliant because of the costs of moving from Haywards Heath to Newquay. However, 50 per cent of moving costs will eventually be covered by government grants. The balance sheet gearing ratios have moved significantly upwards but net debt of £1.3m (shareholders' funds are £3.1m) should come down as Government grants owing of £170,000 and £250,000 cash on the Haywards Heath sale come through. The shares repurchased yesterday with a 5p rise to 75p where the prospective fully taxed p/a drops to no more than 81 p/a in historic (54 on the actual tax charge) and the yield is an historic 4.7 per cent. The shares are not obviously cheap, but the ingredients are there for a progressive rise in profits.

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On a C.A. basis, profits are reduced to £347,000 after adjustments for depreciation of £45,000, cost of sales £200,000 less gearing £85,000.

RHP Pre-Tax Profits more than doubled

Unaudited results of the Group for the 26 weeks to 28 March, 1980

	26 weeks to 28 March 1980	26 weeks to 30 March 1979	52 weeks to 28 Sept 1979
Turnover	59,641	50,390	98,417
Profit before interest	6,900	2,880	6,734
Less: Interest payable	965	679	1,466
Profit before tax	5,935	2,201	5,268
Dividends per share	2.00p	1.44p	4.90p

- Bearings activities provide main element of profit increase
- Electrical division continues to move ahead
- Philidas fasteners show further improvement
- Overseas subsidiaries sustain strong profit performance
- Profits for second half may not match the record interim results

To: The Assistant Secretary, Ransome Hoffman Pollard Limited,
P.O. Box 7, New Street, Chelmsford, Essex, CM1 1PU

Please send me details of your:
☐ Interim Results
☐ Annual Report for 1979

Name _____
 Address _____



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North West Industrial Development Association

Five Arrows Fund NV

Established in Curacao (Netherlands Antilles)
 Notice of Annual General Meeting of Shareholders to be held on May 30, 1980

Notice is hereby given that the annual general meeting of shareholders of Five Arrows Fund N.V. ("the Company") will be held on Friday, May 30, 1980, at 10 o'clock in the forenoon (local time), at the offices of the Company, 6 John B. Gossruew, Curacao (N.A.), for the following purposes:

1. To approve the Company's annual accounts for the financial year ended December 31, 1979.
2. To approve the declaration of an interim dividend to be declared on May 16, 1980, by the Managing Director.
3. To elect a Managing Director for the ensuing year.
4. To elect an Advisory Board for the ensuing year.
5. To ratify, confirm and approve the acts of the Managing Director and the Advisory Board.
6. Proposal to appoint independent Auditors of the Company for the ensuing year.
7. To transact any other business as may properly come before the meeting.

The official agenda of the meeting together with the annual accounts for the Company's financial year ended December 31, 1979, may be inspected by all shareholders at the office of the Company as well as at the offices of its agent banks, viz. Banque Rothschild S.A., Paris, N. M. Rothschild and Sons Limited, London, Pierson Pierson (Curacao) N.V., Curacao, Banque Bruxelles Lambert S.A., Brussels, Banque Privée S.A., Geneva, Rothschild Bank A.G., Zurich, International Pacific Corporation, Sydney.

Holders of registered shares shall be entitled to vote at the meeting in person or by proxy. Holders of bearer shares shall be entitled to vote at the meeting on presentation of their share certificates or of a voucher given by any of the Company's agent banks stating that certificates in respect of the number of shares specified in the voucher have been deposited with such agent bank and will remain in deposit until the end of the meeting.

The Managing Director
 Intimis Management Company N.V.

PROFITS are not without HONOUR save in our own COUNTRY

If the world is to have a prosperous future, what is needed? Energy for industry. Oil, coal, gas, even solar energy. Chemicals and raw materials for factories. Fertilisers and animal foodstuffs. It is the business of a British company, BP, to provide all of these.

But exploring for oil, developing fuel, coal and mineral resources, and investing in chemicals and animal feed all require vast capital expenditures. Yet this cannot take place without profits generated in previous years.

This is why BP's financial success, as highlighted in the chart below, is so important.

	1979	1978
Net Income £m	602	219
Capital Investment £m	1,731	1,292
Total Assets £m	15,156	12,998
Return on Investment %	9.7	6.5

All figures are on a current cost basis.

Sir David Steel, Chairman of BP, speaking to shareholders on 8th May, 1980, said:

'The Company's assets have doubled in the last five years.'

'Our success is helping the country, not only by our record tax payments, but also by giving jobs and opportunities, not just to ourselves, but to all who work with us.'

'Only from healthy profits can we create the vital investment for the future. With the present economic difficulties, this will be a greater challenge, but our contribution will be ever more important both nationally and internationally.'

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Please send me a copy of your 1979 Annual Report.

Name

Address



Britain at its best.

Rand Mines Properties Limited

(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

INTERIM REPORT TO SHAREHOLDERS FOR THE SIX MONTHS ENDED 31 MARCH 1980

Consolidated Profit

The unaudited consolidated results of Rand Mines Properties Limited and its subsidiaries for the six months ended 31 March 1980, together with the results for the same period last year and the audited results for the year ended 30 September 1979, are:

	Six months ended 31 March 1980	Six months ended 31 March 1979	Year ended 30 Sept. 1979
Turnover*	12 812	10 030	21 398
Profit before taxation	3 479	2 688	4 889
Taxation (Note 1)	1 130	547	627
Profit after taxation	2 349	2 141	4 272
Profit attributable to outside shareholders in subsidiaries	22	11	21
Consolidated Profit after taxation	2 371	2 152	4 293

Number of shares upon which earnings per share is based 12 403 337 12 403 337 12 403 337

Earnings per share based on consolidated profit after taxation 18.8 cents 17.2 cents 34.3 cents

Not included in the above results are the following:

Surplus on disposal of investments (Note 2) 4 692 — —

Timber rights written off (Note 3) (750) — —

Cost of control of acquiring outstanding shares in subsidiary company written off — (59) (59)

* Turnover consists of the following:

The proceeds of Township Sales, Limited, where applicable, to that portion of the sales from which profit has been taken, and rents. Also included are the proceeds derived from the realisation by subsidiaries of disused mining ground. Turnover from mining timber and other trading operations include the sales of gold, timber and other merchandise. Included in turnover for the year ended 30 September 1979, were the proceeds from the farming operations of T.G.M.E. of R405 000.

Profit before taxation includes:

	Six months ended 31 March 1980	Six months ended 31 March 1979	Year ended 30 Sept. 1979
(A) Profit from the sale of Property	2 222	1 869	3 222
(B) Profit of Theseas—timber and other	977	596	1 199
(C) Loss of T.G.M.E.—farming	—	(205)	(22)
(D) Profit from mining operations comprising:			
Profit from surface gold operations	227	324	400
Surplus on disposal of mining assets	340	359	567
Income from buildings no longer required for mining purposes	326	364	785
Less net expenses	(993)	(1 047)	(1 762)
Mining profit	492	479	1 530
	501	568	232

1. Taxation:

The higher effective tax rate as compared to the six months ended 31 March 1979, is attributed to:

1.1 A lower level of non-taxable income being received.

1.2 Taxable income not being shielded by carried forward tax losses to the same extent.

2. Investment Transactions:

2.1 With effect from 1 October 1979, Amethyst Properties (Proprietary) Limited, a wholly owned subsidiary of RMP, has acquired for cash, the entire issued share capital and loan account to Wadeville Investment Company (Proprietary) Limited from Hillman Developments (Proprietary) Limited, a wholly owned subsidiary of Barlow Rand Limited (Barlows) for R1 783 000 based on the payable value referred to below.

Coopers and Lybrand, the auditors of RMP, consider the purchase price to be fair and reasonable.

Wadeville Investment Company (Proprietary) Limited owns approximately 91 hectares of land zoned for industrial purposes in the township of Wadeville extension 2, in Germiston, Transvaal, the present rateable value of which is R1 935 000.

It is intended to develop the land for future resale. This property will complement RMP's existing non-residential township stock and will enable the company to meet anticipated demand for industrial land in the central Witwatersrand area.

2.2 To enable the Company to finance the above acquisition and to provide additional funds, the balance of the loan account to Transvaal Gold Mining Estates Limited (TGME) has been disposed of to Barlows for R3 188 000 in cash.

The net asset value at the effective date, 1 October 1979, of the investment disposed of and the loan account to TGME was R1 295 000. The surplus on the disposal of this investment amounted to R1 893 000.

On 1 October 1979, TGME owned 12 842 hectares of freehold land situated in the Pilgrim's Rest district in the Eastern Transvaal. Since the acquisition of TGME by the Company, operations have been primarily concentrated on farming the land. The sale price was determined by reference to prices paid for similar assets in the area concerned and the valuations were arrived at after considering a report by an independent professional appraiser. That report specifically made an assessment of the value of the assets taking into account the farming potential of the land.

Prior to the above transaction, TGME disposed of its mineral and mining rights (excluding mining rights relating to agriculture) to Rand Mines Properties (Management Services) (Proprietary) Limited, a wholly owned subsidiary of RMP, for R80 000.

This disposal will not have a material effect on your Company's earnings per share.

2.3 As reported in the 1979 Annual Financial Statements and at the last Annual General Meeting, the Company has disposed of its 100 per cent investment in and loan account to Midsteel (Proprietary) Limited and its wholly owned subsidiary Managed Property Investments (Proprietary) Limited has disposed of its 50 per cent investment in and loan account to Barwing Properties (Proprietary) Limited. The total consideration is R4 846 000 of which R2 067 000 has been received in cash and the balance is payable over three years. The surplus on disposal of these investments amounted to R2 799 000.

3. Timber Rights Written Off:

The balance of the Theseas Timber rights valued at R750 000 has been written off, which is a change in the Company's accounting policy.

PROSPECTS FOR THE YEAR:

It is anticipated that, primarily due to the improved property market and the expected increased level of demand for the Company's township land, the results for the year to 30 September 1980 will show a satisfactory increase over the results for 1979.

CAPITAL COMMITMENTS:

The commitments for capital expenditure at 31 March 1980, including foreseen expenditure for sand retreatment dealt with below, amounted to R918 000 (1979: R160 000).

DIVIDEND:

It is the policy of the company to declare one dividend in October each year.

SAND RETREATMENT:

The company's technical advisers, Rand Mines Limited, have completed their investigations regarding the feasibility of re-treating the sand dumps on the Crown Mines property. In due course an evaluation will be prepared regarding the potential of material on our remaining property.

The report submitted and considered by your directors for the Crown Mines property reveals that:

(A) approximately 50 million tons of treatable material exist on the Crown Mines property within a convenient operating radius of a suitable plant site;

(B) whereas at the time of publication of our 1979 Annual Financial Statements, the process then considered was based upon the selective treatment of the sand dumps, and was anticipated to give rise to a gold recovery of approximately 45 per cent and produce a gold yield of approximately 0.29 grammes per ton of sand treated, an improved process has since been developed for the processing of all treatable material which will yield an optimum gold recovery; small amounts of pyrite can also be produced but no uranium will be recovered. Based on that improved process, the average gold yield, over the life of the Crown Mines project, is estimated at 0.5 grammes per ton of material treated, which represents a recovery efficiency in excess of 70 per cent;

(C) the optimum size of the operation will involve the treatment of 4.4 million tons of material per annum at full production;

(D) the capital expenditure required to establish the optimum size operation is estimated at R40 million at current prices;

(E) the complete processing facility will take approximately 3 years to build;

(F) the estimated total working cost of reprocessing the material should be between R3.50 and R4.00 per ton in present day money terms; the corresponding break-even gold prices, at the current dollar/rand parity, are dollars 274 per ounce and dollars 313 per ounce.

In the light of the foregoing, your directors have concluded that the processing of the treatable materials should yield a satisfactory profit provided that the gold price in future continues to increase, on average, at a rate equivalent to the increase in costs. Your directors are of the opinion that the capital expenditure of R40 million can be financed by the company from internal cash resources and from borrowings. Approximately R1 million would be spent before the end of September 1980, R29 million in the financial year ending 30 September 1981 and the remainder in the following financial year.

It is estimated that loans to be raised to assist in the financing of the capital expenditure could be fully repaid within 5 years. The directors have therefore decided to proceed with the project subject only to concluding satisfactory arrangements with the respective authorities.

Commissioning of the facility should take place in the last quarter of the financial year ending 30 September 1982 and during the financial year ending 30 September 1983 full capacity operation should be achieved.

Shareholders will be advised later of further details such as the tax formula applicable and financing arrangements.

For and on behalf of the Board:

G. H. Buttermann A. B. Hall Directors

Postal Address: P.O. Box 27 Crown Mines Johannesburg 2003 South Africa

7th May 1980

Registered Office: Off Main Reef Road Crown Mines Johannesburg 2003 South Africa

Companies and Markets

BIDS AND DEALS

Lord Rayne's route to control of Westpool

BY ANDREW FISHER

Lord Rayne's move into Westpool oil investment Trust and the dilution of the S. Pearson group's stake in his property, industrial and oil empire is to be effected in a deal of labyrinthine complexity.

Westpool, owned by major City institutions and managed by Schroder Wagg, will acquire a controlling interest in Lord Rayne's main company, London Merchant Securities. It will do this partly by merging with MHL, which he owns jointly with Pearson, and with private investment companies which he controls. Westpool will also buy the LMS shares owned by Lord Rayne's charitable trusts.

Lord Rayne owns 52 per cent of MHL, a private company which in turn holds nearly 40 per cent of LMS. The three Rayne family companies directly own almost a tenth and his two charitable trusts just under 3 per cent.

Once the deal has gone through, the shareholders of the Rayne companies and the trustees of the Rayne trusts—who together control 52.2 per cent of LMS—will own 57.3 per cent of Westpool.

Westpool's major shareholders are Prudential Assurance with 31 per cent, Legal and General Assurance with 21 per cent, and

London and Manchester Assurance and Sun Life Assurance with holdings of under 10 per cent each. They have agreed to vote in favour of the proposals at a special meeting on June 2.

Westpool will issue 67m new shares to pay for the deal, worth £96m on the basis of their fully diluted net asset value of 143.4p at the end of last month.

The market value of the LMS interests is £104m, taking the latest ordinary share price of 125p and one of 95p for the deferred. After the deal, Westpool shares will be worth 154p.

The placing has already been arranged for 11.1m Westpool shares by the Pearson publishing, industrial finance group, which will raise over £14m. Pearson is hanging on to the remaining 11.1m shares. Lord Rayne is also placing 1.17m shares in both cases the price is 136p a share with 16.2 per cent of the enlarged capital involved.

Once the acquisition has gone through, Westpool will be an investment holding company, its major investment being the controlling stake in LMS. For tax purposes, it will no longer be an authorised investment trust.

Its other assets, just over 10 per cent of the total after the

transaction, will be used for investing in special situations offering exceptional growth prospects. At the moment, said Mr. Robert Spier, the LMS finance director, its investments are fairly conventional.

Lord Rayne will direct the development of Westpool and become chairman. Westpool will not, while owning a majority of LMS, compete with this company in the investment field. Until June 1983, it will not invest in property, oil or gas, whisky or batteries, manage any businesses, acquire control of any other company, or put more than 10 per cent of its non-LMS funds into unlisted securities or 20 per cent in one investment.

A cash offer of 143p a share will be made to those Westpool investors wishing to sell. This will be done through Lazard, part of the Pearson group, on behalf of Whitehall Securities Corporation, another subsidiary.

Westpool's institutional shareholders will not take the cash offer, which will be open for 21 days after it has been posted and will not be extended.

Lord Rayne's adviser is Baring Brothers, with Robert Fleming advising the Rayne companies and trusts. Lazard is acting for Pearson. Schroder Wagg is advising Westpool.

Cambridge Instrument buying two Warner Lambert divisions

BY DAVID FISLOCK, SCIENCE EDITOR

Cambridge Instrument Company is buying two medical technology divisions of Warner Lambert, the U.S. pharmaceutical group, to increase its own medical instruments sector to a viable international size.

Dr. Terence Gooding, Cambridge's chairman, announced yesterday that it was acquiring the American Optical medical division in Bedford, Mass., and the Schwarzer division in Munich.

Each division makes a range of diagnostic and patient monitoring equipment essentially complementary to the Cambridge

range. But Cambridge will be continuing some of its present medical products.

Dr. Gooding did not disclose beyond saying that the company was buying net assets in exchange for equity. Warner Lambert will become a minority shareholder in Cambridge.

He estimated that the acquisitions would increase medical equipment sales from less than £7m to about £21m for the current year.

Warner Lambert had been investing heavily in these divi-

sions in recent years "and we can now take the benefit of this investment," said Dr. Gooding.

He estimated that total company sales for the year beginning in April would be about £15m and the staff worldwide about 1,750. This compares with a turnover of less than £25m and a staff of 1,500 two years ago. The company has a capital investment budget of £1m this year, mostly in computers and electronics for production control.

Cambridge announced five new instruments yesterday, among them a new computer-controlled microfabricator for the manufacture of the most advanced kinds of silicon "chip" at \$1m, its most expensive product.

ARBUTHNOT LATHAM

Cook Industries, U.S. agri-products and insurance group, continues to build up its stake in Arbuthnot Latham, the UK merchant bank. Cook's subsidiary, Macdon SA, has bought the holding of Toronto Dominion Bank in Arbuthnot, and now has 9.54 per cent. In March, Cook acquired a 6 per cent stake.

Just over 46 per cent of Arbuthnot's equity is now held by four shareholders. Mr. Graham Ferguson Lacey owns 14 per cent, London Trust 13 per cent and ICRF 10.4 per cent.

Clifford's Dairies family foils Unigate approach

Unigate's £10m bid for Clifford's Dairies was foiled by the latter's controlling family shareholders, yesterday when they voted in favour of a £15m rights issue by the Berkshire-based company.

Since Unigate had made its bid conditional on the rights issue—in non-voting shares—not being proceeded with, the offer now lapses and the group is considering whether or not to return to the battle.

At yesterday's EGM, the motion to lift share capital to accommodate the issue was passed on a show of hands. Proxies for 79 per cent of the shares had also been received in its favour.

Clifford's is controlled by the Clifford and Smith families. The Smith holding is nearly 50 per cent, while board members have around a quarter of the shares.

"We're dicing with our own assets," said Mr. Gordon Clifford, chairman of Clifford's. "We're not just managerial people. The company has already announced plans to spend £10m on a new fruit juice factory."

George Ewer cleared for Tractors deal

By Reg Vaughan

George Ewer, the coach operator and motor trade distributor, can go ahead with its planned acquisition of the gross assets of Ewer's Tractors. The deal, which has been approved by the Stock Exchange ruled yesterday.

T. Cowie, the Sunderland-based motor dealing group, which has 53.8 per cent of Ewer and is considering making an offer, had complained to the Stock Exchange that the Tractors purchase was sufficiently material to warrant it being subject to such approval.

Ewer announced yesterday that on the basis of figures "which it is expected will be contained" in the audited accounts of Tractors for the year ended August 31, 1979, the "Stock Exchange is satisfied that the proposed acquisition does not require holders' approval."

Barclays Merchant Bank, Ewer's advisers, said that "Tractors has passed the gross assets test." Its gross assets are within the 25 per cent rule, and "there was no conflict" with the figures issued at the time the bid was announced.

Samuel Montagu and Co., on behalf of Cowie, said the situation had become "totally confused." It intended to have "hard thoughts about it" but something would definitely be done.

Ewer's bid for Tractors involves the issue of 2.5m shares and if it goes through effectively dilutes Cowie's stake in the company to around 28 per cent. Cowie is opposed to the acquisition on the basis that "it could be expected to reduce rather than enhance or maintain" the per share value of the Ewer shares.

Although Cowie has said it is against the Tractors deal it still seems likely to press ahead with a bid for Ewer and yesterday took a further step in that direction.

Cowie yesterday purchased shares through the stock market an

ANGLOVAAL GROUP



DECLARATION OF PREFERENCE DIVIDENDS

DIVIDENDS HAVE BEEN DECLARED payable to holders of preference shares registered in the books of the undermentioned companies at the close of business on 23 May 1980. The dividends are declared in the currency of the Republic of South Africa. Payment from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 2 June 1980, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered offices or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 30 June 1980. The transfer books and registers of members of the companies will be closed from 24 May to 30 May 1980, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

Name of Company	Class of Share	Dividend (R)	Amount per share (R)
Anglo-Transvaal Consolidated Investment Company, Limited	5% Cumulative redeemable preference	84	6
Anglo-Transvaal Consolidated Investment Company, Limited	10% Cumulative redeemable preference	65	5
Middle West Transvaal Consolidated Investment Company, Limited	10% Cumulative redeemable preference	16	4

By order of the boards

Anglo-Transvaal Consolidated Investment Company, Limited
per: E. G. D. Gordon

London Secretaries: Anglo-Transvaal Trustees Limited

295 Regent Street London W1R 8ST

8 May 1980

Registered Office: Anglovaal House 56 Main Street 2001 Johannesburg

VIKING RESOURCES INTERNATIONAL N.V.

Curacao, Netherlands Antilles

Notice of Annual General Meeting of Shareholders

Notice is hereby given that an Annual General Meeting of Shareholders of Viking Resources International N.V. has been called by the Manager, The Caribbean Management Company N.V.

The meeting will take place at John B. Gorsiraweg 6, Willemstad, Curacao, Netherlands Antilles on 28th May, 1980 at 10.00 a.m. The agenda may be obtained from the offices of the company at John B. Gorsiraweg 6, Willemstad, Curacao or from the Paying Agent mentioned hereunder.

Shareholders will be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained from the Paying Agent, against delivery of certificates on or before 22nd May, 1980.

Paying Agent

Pierson, Holding on Pierson N.V.

Herengracht 214, Amsterdam

Willemstad, Curacao

2nd May, 1980

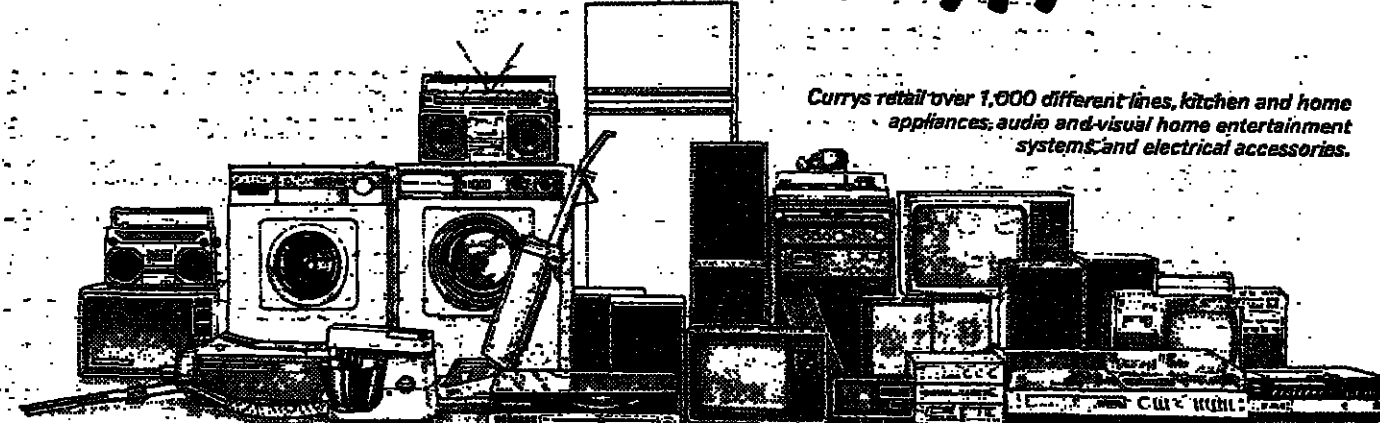
M. J. H. Nightingale & Co. Limited

27/28 Loyat Lane London EC3R 8EB Telephone 01-621 1212

1979-80	Company	Price	Change Div (p)	Gross Yield	P/E
High	Low				
89	80	Airsprung	66	6.7	10.2
90	23	Armstrong and Rhoades	31	4.8	12.1
275	185	Baxton Hill	275	13.8	5.0
100	80	County Cars 10.7% PI	30	15.3	19.1
10	10	Debenhams	93	5.0	5.4
114	88	Frank, Horsell	114	7.9	8.9
123	88	Frederick Parker	101	12.8	12.7
156	102	George Blair	107	16.5	15.4
70	45	Jackson Group	69	5.2	7.5
113	110	James Burrough	110	7.2	6.6
300	242	Robert Jenkins	285	13.3	11.0
232	175	Tandem	221	14.3	6.4
34	15	Twinkl Ord	15	0.8	5.6
80	70	Twinkl 12% ULS	75	12.0	16.0
56	23	Uniclock Holdings	48	2.8	5.4
92	45	Uniclock Holdings New	45	2.6	8.8
99	42	Walter Alexander	35	4.4	4.6
200	136	W. S. Yeates	200	12.1	6.1

† Accounts prepared under provisions of SSAP 15.

Currys gave its customers a fair deal in 1979...



Currys retail over 1,000 different lines, kitchen and home appliances, audio and visual home entertainment systems and electrical accessories.

...and customers gave Currys over £221 million — another sales record!

Operating throughout the length and breadth of Britain, Currys has built up its reputation by offering a wide choice of top quality products at very competitive prices, backed by a high standard of in-store and after-sales service.	5-Year Record		Year ended January				
	1976	1977	1978	1979	1980		
	Sales	£114.8m	£144.0m	£163.1m	£197.7m	£221.4m	Subsidiary company, has been set up and is about to start trading through four locations. It will be marketing computer equipment and operating systems initially for business and educational use. Independent estimates.
	Profit before tax	£8.1m	£10.0m	£10.3m	£12.2m	£11.9m	
	Dividend per share	3.7p	4.1p	4.6p	5.1p	7.5p	
	Earnings per share	18.7p	33.1p	22.9p	35.3p	39.3p	

Promoted under the title "Discount Plus" this trading platform remains the cornerstone of Currys trading policy. It has resulted in the group again achieving record receipts from cash sales and credit trading, totalling £221.4 million and a profit of £11.9 million. With the appling of dividend restraint the directors are recommending a total dividend for the year of 7.5p per share, an increase of 48%.

Furthering the group's expansion plans, television rental has been introduced into 108 Currys shops and

the first rental-only outlet opened, under the trading name Carousel Colourhire. Several more specialist rental units will open in the next few months and it is anticipated that rental will be introduced into all Currys branches by the end of the year.

It is planned to increase the number of Bridgers discount warehouses as rapidly as suitable sites can be



Standard Chartered

BANK LIMITED



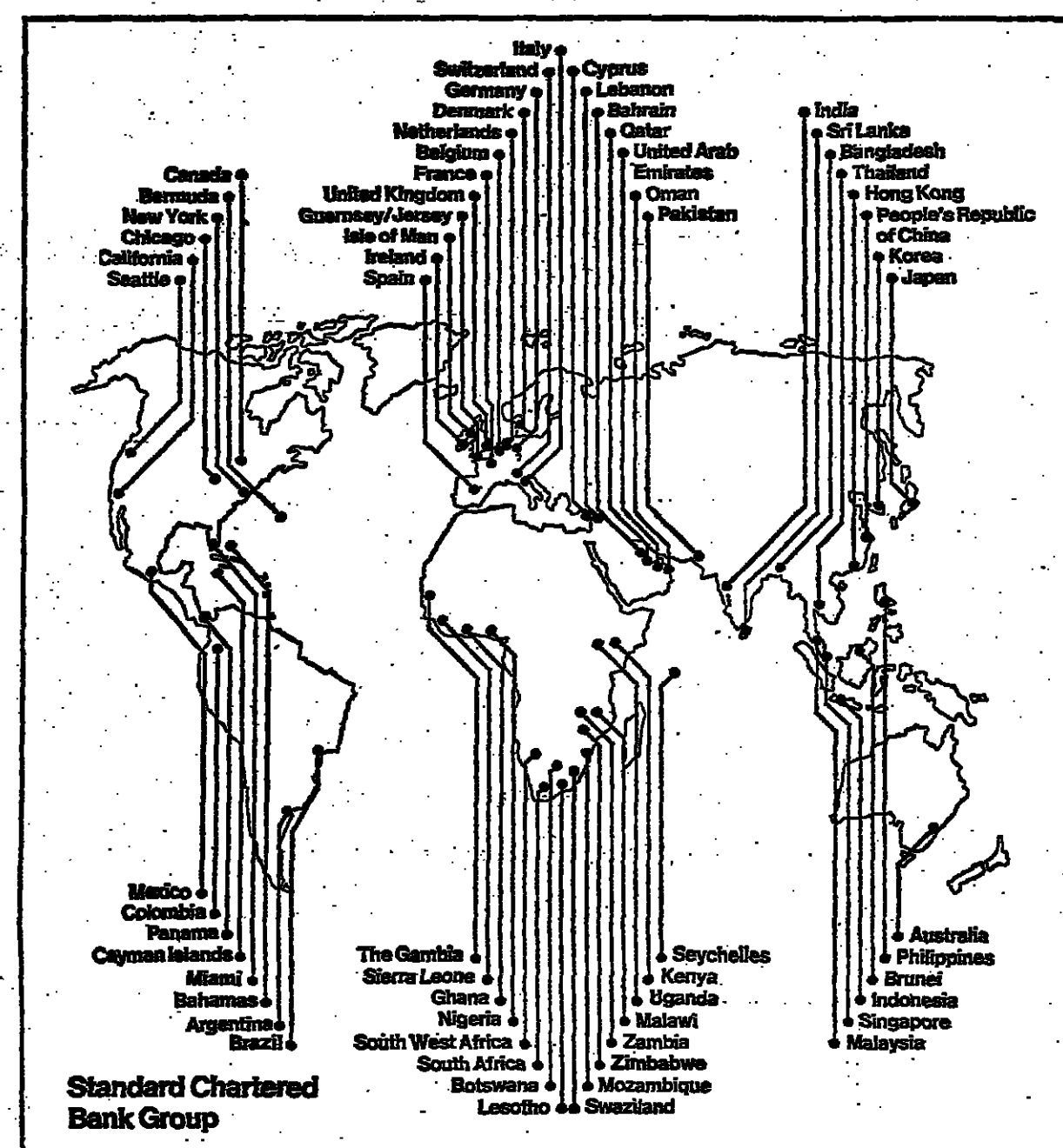
Comments by the Chairman, The Rt. Hon. Lord Barber

The trading profits of the Bank and its subsidiaries for the year ended 31 December 1979 were £148.9 million and the Bank's share of associated companies' profits amounted to £20.9 million, giving total profits before taxation and extraordinary items of £169.8 million. This compares with 1978 profits, on an annualised basis, of £146.3 million. Earnings per share, taking account of the 1979 rights issue, rose from 76.0p to 88.4p.

At the end of 1979 Group assets had increased by 38.9 per cent to stand at £13,010 million including £2,491 million from Union Bank, California.

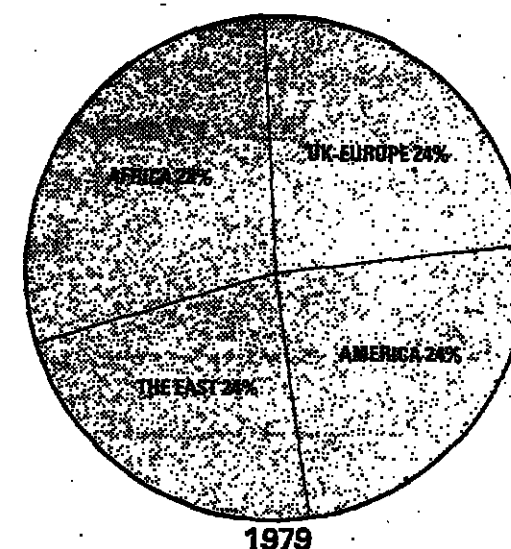
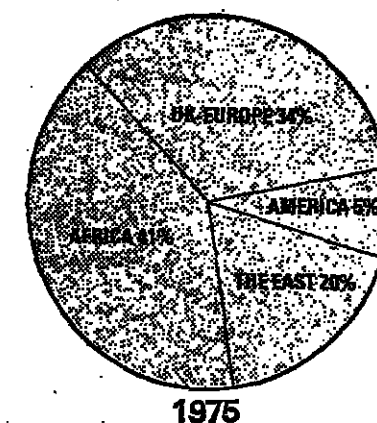
The advance in profits was achieved in a year notable for only moderate growth in world output and trade and for an accumulation of unsettling events centred on the Middle East. Despite this, the Group's overseas operations enjoyed a generally successful year, particularly in the Far East and Southern Africa. In California, our subsidiary, The Chartered Bank of London, is now merged with Union Bank, resulting in the formation of a major California bank with a network of sixty offices.

In the United Kingdom, where high interest costs have continued to depress profits in consumer finance, the nature of our banking business is such that, unlike the clearing banks, we gain no significant advantage



Standard Chartered in the 1980s

We enter the 1980s with a geographical spread of assets very different from only a few years ago. The advantage to a major international bank of this more balanced worldwide distribution of assets is self-evident.



from those high interest rates. Our other home-based activities made good progress.

Developments in Rhodesia — now Zimbabwe — have been a notable success for British diplomacy. We have resumed working contact with our branches after a fourteen-year interval during which, although operating under conditions of increasing difficulty, Standard Bank has maintained its position as the country's leading commercial bank. Once more

integrated into the Group, the Bank is well placed by virtue of its national coverage of more than fifty offices to consolidate and expand operations in independent Zimbabwe.

In April the Bank received The Queen's Award for Export Achievement for the second time. This was particularly gratifying as a recognition of the success of the global operations of the Group and a tribute to the competence of our employees throughout the world.

In the eighties we are planning for selective growth to keep Standard Chartered in a leading position among international banks. We shall concentrate on commercial banking, which we know best, and extend our other interests where appropriate. The advantages derived from wide country coverage and ability to offer a competitive and innovative range of supporting services put the Group in an excellent position to attract business from companies having an international spread of operations.

Total Assets £13,000 million
Total Deposits £12,000 million
1,500 offices in 60 countries
around the world.

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from the Secretary, 10 Clements Lane, London EC4N 7AB

Standard Chartered helps you throughout the world

Companies and Markets

UK COMPANY NEWS

The merger of
Spacelabs, Inc.

and a wholly-owned subsidiary of

Squibb Corporation

has become effective.

The undersigned initiated this transaction and acted as
financial advisors to Spacelabs, Inc.

LAZARD FRÈRES & CO. HAMBRECHT & QUIST

April 29, 1980

Porter Chadburn falls £0.45m but raises dividend

REDUCED sales volume, engendered largely by industrial action, resulted in a sharp decline in pre-tax profits for Porter Chadburn in 1979, and the surplus for the 52 weeks to January 3, 1980 fell from £1.12m to £874,305.

At midway, when profits were down from £433,600 to £318,100, that directors warned that the engineering strike made it impossible to maintain performance. They now state that profits for the first and third quarters of 1979 were eliminated by the transport and engineering strikes respectively.

Earnings, after tax of £98,905 (£278,180) and preference dividends, are shown down from 25.53p to 17.67p per share, but the dividend is raised to 6.145p (£889,790) net with a final of 4.455p.

Turnover of the group, which manufactures brewery, marine and other engineering equipment, was ahead at £15.17m (£14.59m).

Following the adoption of SSAP 15, no tax will be payable, and the charge this time represents advance corporation tax written off and other minor adjustments. Comparisons have been amended.

Ordinary dividends absorb £198,901 (£190,368), leaving the retained surplus at £372,530 (£844,927).

● **comment**
Clobbered by strikes and high interest rates last year, Porter Chadburn's pre-tax profits fell 40 cent. Still, the shares gained 5p yesterday to 58p, perhaps

because investors were surprised that the final dividend was maintained, resulting in a handsome 15.8 per cent yield at the close. With a gloomy outlook for plant spending by breweries this year, the company is not anticipating much improvement in sales of its heavy brewery equipment. The marine equipment business, whose future seemed dubious last year, has been slimmed down rather than sold and is producing satisfactory profits. The fully taxed p/e of 5.2 reflects the general gloom in engineering.

Brixton Estate advances

NET RENTAL income of Brixton Estate, property development and investment company, increased from £7.15m to £8.58m in 1979. Investment profit amounted to £2.79m against £120,000 to £525,000. Interest and outgoings on properties where development has been suspended amounted to £219,000, against last time interest on properties in course of development was £782,000 compared to £830,000.

After-tax up from £571,000 to £749,000 and a transfer from capital reserves of £518,000 (£503,000), net profit came out at £2.19m (£1.66m), with retained profits £940,000 (£834,000).

Stated earnings per 25p share are 5.11p against 3.89p, and the final is effectively raised from 0.7748p to 1.4553p for a net total of 2.911p (1.9356p adjusted). A further one-for-five scrip issue is proposed.

Following the introduction of the policy of annual valuations in 1976, the net asset value of the company (including development properties at net cost) at December 31, 1979 was £31m, equal to 190p per share (£64m, 150p).

Mr. Michael J. Verey, the chairman, says development of its 100-acre estate at Dunstable continues and buildings let and under construction at present total 1,455,000 sq ft. The most recent letting is a warehouse of 63,000 sq ft to the Secretary of State for Defence.

Other developments are making good progress and the company has been active in Europe, Australia and the U.S.

The company is continuing its policy of acquiring suitable properties for development both in the UK and abroad, and a number are currently being considered, he says. The board is satisfied that adequate funds are available for this purpose.

● **ASSOCIATE DEALS**
As brokers to Waring and Galloway (Holdings), Fielding Newson Smith and Co. have purchased on their behalf 100,000 ordinary of Maple and Co. (Holdings) at 35p.

RHP moves well ahead to near £6m at halfway

A MUCH higher contribution from its bearings activities enabled Ransome Hoellmann, maker of bearings, electrical products and fasteners, to push pre-tax profits well ahead from £2.2m to £5.94m for the 26 weeks ended March 23, 1980. Turnover increased by £9.25m to £39.34m.

Mr. D. J. Ewart, the chairman, says the outlook for the remainder of the year is uncertain, particularly for the mechanical engineering sector, and against this background, second-half trading profits may not match those of the first six months.

Half-yearly profits from normal trading jumped from £2.58m to £5.17m, with additional non-recurring profits of £733,000 this time on some special stock disposals of bearings. Interest increased from £579,000 to £865,000.

A divisional analysis of turnover and pre-tax profits (with 2000s omitted) shows: Bearings £27.57 (£21,877) and £2.73 (£585); electrical £9,879 (£5,373) and £1,820 (£1,365); fasteners £2,575 (£2,340) and £342 (£251) respectively.

Tax for the period took £1.6m (£0.97m) and net profits rose from £1.63m to £3.44m. Earnings per 25p share are given as 13.6p (£5.5p) basic, and as 11.2p (£4.8p) diluted. Comparatives have been restated to reflect the mark time over the short term. The group is warning of some second half downturn and, at some point, world under-capacity

reduce disparity, is lifted from (£224,207). As usual, the final p/e of 5.7 on diluted earnings reported over the last 12 months does not point to any noticeable vulnerability. And if the dividend declaration looks deliberately low key, the yield would be a respectable 7.3 per cent if the net total is only raised from 4.9p to 5.5p per share.

● **comment**
RHP has already completed its recovery and the interim improvement should be enough to lift profits onto entirely new ground. Bearings have been restored to their rightful position as the dominant profit centre, despite further growth at MTE and Philidas, and there is no immediate sign that the core of the business is about to turn sour again. The UK automotive industry may be weak but world-wide under-capacity both in this division and in general ball and roller bearings ensures higher overseas sales without margins sacrifice. Aerospace remains buoyant but transmission bearings provided the major impetus even if the Blackburn foundry is only operating at about 80 per cent capacity, with a near £1m pre-tax upturn. The shares have put on over 50 per cent in the last six months and may now be due for a short-term correction. The group is warning of some second half downturn and, at some point, world under-capacity

must correct itself. Yet, after a 1p fall to 103p yesterday, the p/e of 5.7 on diluted earnings reported over the last 12 months does not point to any noticeable vulnerability. And if the dividend declaration looks deliberately low key, the yield would be a respectable 7.3 per cent if the net total is only raised from 4.9p to 5.5p per share.

C. H. Pearce expands to £905,000

IN THE six months to November 30, 1979, pre-tax profits of C. H. Pearce and Sons, builder and contractor, advanced from £473,891 to £905,332. Turnover rose to £5.99m (£5.47m).

There was a nil tax charge against £238,420 due to timing differences mainly arising from stock appreciation relief. Against extraordinary items of £16,382 last time, there is a nil return this time. Comparatives are restated.

The interim dividend is raised from 1.445p per 25p share to 2.5p—the total last year was 7.895p from pre-tax profit of £2.11m.

The chairman says present indications are that profits for the full year will exceed those for 1979.

British Petroleum expects tax commitment to treble to £1.5bn

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITISH PETROLEUM expects to pay nearly £1.5bn to the Government this year in taxes on income, almost three times as much as in 1979, Sir David Steel, the chairman, said yesterday. It also expects to pay £400m in North Sea royalties.

"This year for every £50 of Government spending, £1 will come from BP's taxes," he told the company's annual meeting. BP's direct industrial investment in the UK this year should exceed £700m.

He noted that in the last 12 months the North Sea tax regime had changed three times until BP was now paying 57.5 per cent of its marginal North Sea income in tax and royalty. Large scale risk taking was not encouraged if tax was increased so often and so much as to "change it from being a genuine equitable national levy into being a penalty for success."

Some had said that BP's record profit last year of £1.6bn, in historic cost terms, gave a lot of scope for tax increases, but the company had spent about double that during 1979 on investment and increased working capital. BP's profit of £600m on a current cost basis was a better measure of the group's performance as a continuing business.

Turning to oil supplies, he said BP's shortages had to be made up by market purchases at premium prices with continual doubts about availability and price.

"We have been successful so far, and for the future have now secured adequate supplies for the next few months, but the ability of any oil company to pay premium prices must be in doubt when stocks are high and prices in the market place become soft."

There was a sharpening division between "haves" and "have nots" among oil companies. Those with access to oil at official Government selling price for a large proportion of their needs had one advantage. Those with access to oil from Saudi Arabia with a selling price 20 per cent lower than elsewhere, had a double advantage over companies such as BP which did not. He hoped that these "unprecedented differentials" in raw materials costs between companies in a very competitive industry would soon be reduced.

Production from BP's Forties field and its share of Ninian put meant the company was now getting about 550,000 barrels a day out of the UK North Sea and retained its position as the largest producer there. He hoped Buchan, where BP

is manager, would come on stream later this year and that the company would be able to announce a development plan for Ula, in the Norwegian sector, which it would like to start production the same time as the UK's Magnus field, in 1983.

At other annual meetings, chairmen said: Rubinfeld—Since reporting in the annual statement that profits for the first three months were ahead of last year the favourable trend had continued and the strong financial condition had been maintained.

The chairman refuted a recent suggestion of a possible bid for the company. "I have had no conversations or approaches from anyone. They would be most unwelcome. We intend to look after our own affairs and develop the company without any unsolicited assistance."

"If there is going to be any bidding, it will be by us. Now that our affairs are in such good order, we are on the look out for opportunities."

Rentel—With first quarter profits in the UK countably ahead and overseas subsidiaries' contribution so far—they are more than halfway through their financial year—showing a useful increase, the company was on course for a record year.

BANK RETURN

	Wednesday May 7 1980	Increase (+) or Decrease (-) for week
BANKING DEPARTMENT		
Liabilities		
Capital	14,553,000	
Public Deposits	27,458,771	- 148,793
Special Deposits	215,875,000	
Bankers Deposits	344,228,858	- 189,339,808
Reserve & other Accounts	580,000,000	+ 27,795,281
	1,286,059,242	- 170,692,020
ASSETS		
Government Securities	815,481,810	- 84,435,000
Advances & other loans	490,000,000	- 185,448,580
Premises Equipment & other	289,787,994	- 74,121,432
Notes	15,046,184	+ 4,019,970
Cash	580,017	- 1,842
	1,286,059,242	- 170,692,020
ISSUE DEPARTMENT		
Liabilities		
Notes issued	10,075,000,000	+ 125,000,000
In Circulation	10,075,000,000	+ 125,000,000
In Banking Department	15,046,184	+ 4,019,970
ASSETS		
Government Debt	1,015,100	
Other Government Securities	7,882,012,834	+ 431,196,608
Other Securities	2,481,974,066	- 306,196,608
	10,075,000,000	+ 125,000,000

BASE LENDING RATES

A.B.N. Bank	17 1/2 %	Hill Samuel	17 1/2 %
Allied Irish Bank	17 1/2 %	C. Hoare & Co.	17 1/2 %
Amro Bank	17 1/2 %	Hongkong & Shanghai	17 1/2 %
American Express Bk.	17 1/2 %	Industrial Bk. of Scot.	17 1/2 %
Henry Ansbacher	17 1/2 %	Keyser Ullrich	17 1/2 %
A.P. Bank Ltd.	17 1/2 %	Knowles & Co. Ltd.	17 1/2 %
Arbuthnot Latham	17 1/2 %	Langris Trust Ltd.	17 1/2 %
Associates Cap. Corp.	17 1/2 %	Lloyds Bank	17 1/2 %
Banco Bilbao	17 1/2 %	Edward Manson & Co.	17 1/2 %
Bank of Credit & Commerce	17 1/2 %	Midland Bank	17 1/2 %
Bank of Cyprus	17 1/2 %	Samuel Montagu	17 1/2 %
Bank of N.S.W.	17 1/2 %	Morgan Grenfell	17 1/2 %
Banque Belge Ltd.	17 1/2 %	National Westminster	17 1/2 %
Banque du Rhone et de	17 1/2 %	Norwich General Trust	17 1/2 %
Barclays Bank	17 1/2 %	P. S. Refson & Co.	17 1/2 %
Bremer Holdings Ltd.	17 1/2 %	Rossminster	17 1/2 %
Brit. Bank of Mid. East	17 1/2 %	Ryl. Bk. Canada (Ldn.)	17 1/2 %
Brown Shipley	17 1/2 %	Schlesinger Limited	17 1/2 %
Canada Perm't Trust	17 1/2 %	E. S. Schwab	17 1/2 %
Cayzer Ltd.	17 1/2 %	Securities Trust Co. Ltd.	17 1/2 %
Cedar Holdings	17 1/2 %	Standard Chartered	17 1/2 %
Charterhouse Japhet	17 1/2 %	Trade Dev. Bank	17 1/2 %
Chauhan	17 1/2 %	Trustee Savings Bank	17 1/2 %
C. E. Coates	17 1/2 %	Twentieth Century Bk.	17 1/2 %
Consolidated Credit	17 1/2 %	United Bank of Kuwait	17 1/2 %
Co-operative Bank	17 1/2 %	Whiteaway Ltd.	17 1/2 %
Corinthian Secs.	17 1/2 %	Williams & Glyn's	17 1/2 %
The Cyprus Popular Bk.	17 1/2 %	Witntrust Secs. Ltd.	17 1/2 %
Duncan Lawrie	17 1/2 %	Yorkshire Bank	17 1/2 %
Egali Trust	17 1/2 %		
E. M. Trust Limited	17 1/2 %		
First Nat. Fin. Corp.	18 1/2 %		
First Nat. Secs. Ltd.	18 1/2 %		
Robert Fraser	17 1/2 %		
Antony Gibbs	17 1/2 %		
Greyhound Guaranty	17 1/2 %		
Grindlays Bank	17 1/2 %		
Guinness Mahon	17 1/2 %		
Hambros Bank	17 1/2 %		

7-day deposits 15%, 1-month deposits 16%,
7-day deposits on sums of £10,000 and under 15%, up to £25,000 16%, and over £25,000 15%,
Call deposits over £1,000 15%,
Demand deposits 15%.

Clydeport again has £2m surplus

Extract from the annual statement by the former Chairman of the Clyde Port Authority, Mr. Robin G. Duthie, C.B.E.

Clydeport finished 1979 with a surplus of £2.095m., marginally down on 1978, after interest charges, depreciation and also provisions totalling £1.3m. towards Pension Scheme, James Watt Dock Entrance improvement, Robertson Street property renovations and to meet the Health and Safety Regulations at Meadowside Granary. The operating surplus before interest and depreciation was £5.268m., slightly down on the previous year.

Traffic increased by more than 800,000 tonnes to 10.2m. tonnes and turnover by the Port and its subsidiaries was almost £24m.

In 1979 the Authority was able to further reduce its general capital debt by £2.8m. which — together with the reduction of £2.7m. in 1978 — resulted in a fall in interest charges of more than £100,000.

Commenting on these results in his statement prefacing

the Annual Report and Accounts published today, Clydeport's former Chairman, Mr. Robin G. Duthie, says that they "have again turned out more satisfactory than we were entitled to anticipate, particularly so since the start of the year was affected by the Road haulage drivers' dispute."

"Regrettably, the beginning of the current year has again been marred by strike action — the container terminal being closed for four weeks in January and the national steel strike which has lost the port considerable steel traffic, coal cargoes and also iron ore through Hunterston."

Looking ahead, with high inflation, record interest rates and depressed trade, he concludes "... it would be unwise to predict the outcome of the current year ... but unless there is an economic upsurge we must anticipate reduced profits in 1980."

SUMMARY OF FINANCIAL RESULTS

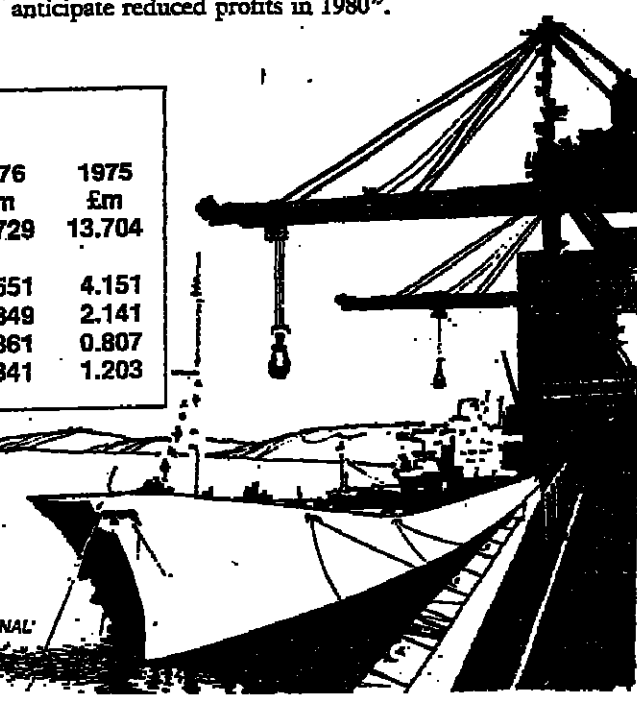
	1979	1978	1977	1976	1975
Group revenue	£m	£m	£m	£m	£m
23,943	21,785	20,422	18,729	13,704	
Surplus before interest and depreciation	5.268	5.445	5.908	5.551	4.151
Interest charges	2.118	2.218	2.682	2.349	2.141
Depreciation	1.055	1.121	1.017	0.861	0.807
Surplus for year	2.095	2.106	2.209	2.341	1.203

CLYDE PORT AUTHORITY

16 Robertson Street,
Glasgow G2 8DS, Scotland



HUNTERSTON ORE TERMINAL



SHARE STAKES

Tomatsu Distillers Co.—Catharine BV holds 535,000 shares (8.91 per cent).

Archimedes Investment Trust—Amiford Investment Co. has increased its holding to 111,000 (9.08 per cent). Mr. A. W. F. Clapperton, within whose interest the above holding is included, has informed the company that his total interest now amounts to 172,275 capital shares (14.06 per cent).

It has used its option to acquire the 150,000 shares held in SWCM.

DUNDONIAN

Dundonian, the finance, mining and funeral services company which recently made a major move into the property field, has mopped up the remaining 9.1 per cent of shares in its South West Consolidated Minerals subsidiary.

It has used its option to acquire the 150,000 shares held in SWCM.

The proposed two-for-three scrip issue has been postponed

MARCH 1980

This announcement appears as a matter of record only

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COMPANIA SEVILLANA DE ELECTRICIDAD, S.A.

US \$125,000,000

10 Year Floating Rate Loan

Managed by:

BANCO URQUIJO, S.A.

BANK OF MONTREAL
CREDIT COMMERCIAL DE FRANCE
MANUFACTURERS HANOVER LIMITED
SECURITY PACIFIC BANK
CANADIAN IMPERIAL BANK OF COMMERCE
CREDIT SUISSE
MIDLAND BANK LIMITED
SOCIETE GENERALE DE BANQUE, S.A.
WESTDEUTSCHE LANDESBANK GIROZENTRALE
BANCO CENTRAL, S.A.
BANCO HISPANO AMERICANO, S.A.
BANCO DE VIZCAYA, S.A.
BANCO DE SANTANDER

Provided by:

MIDLAND BANK LIMITED
SECURITY PACIFIC BANK
CANADIAN IMPERIAL BANK OF COMMERCE
CREDIT SUISSE
MELLON BANK, N.A.
BANCO ESPANOL DE CREDITO (BANESTO)
BANCO DE SANTANDER
FIRST PENNSYLVANIA OVERSEAS DEVELOPMENT COMPANY (Cayman) LTD.
MIDLAND BANK FRANCE, S.A.
THE BANK OF NOVA SCOTIA CHANNEL ISLANDS LIMITED
BANCO DI ROMA INTERNATIONAL, S.A.
INTERNATIONAL COMMERCIAL BANK LIMITED
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
BELGOLAISE, S.A.
CAJA DE AHORROS MUNICIPAL DE BILBAO
DIE ERSTE OSTERREICHISCHE SPAR-CASSE
M.T.B.C. - SCHRODER BANK, S.A.
MANUFACTURERS HANOVER TRUST COMPANY
SOCIETE GENERALE DE BANQUE, S.A.
CREDIT COMMERCIAL DE FRANCE
BANK OF MONTREAL
BANCO CENTRAL, S.A.
BANCO HISPANO AMERICANO, S.A.
BANCO DE LA NACION ARGENTINA
INTER CREDITEX, S.A.
SOFIS LIMITED
THE RIGGS NATIONAL BANK OF WASHINGTON D.C.
BANCO GUPUZCOANO, S.A.
THE NORTHERN TRUST COMPANY
BANCO DE SABADELL, S.A.
BANQUE COMMERCIAL POUR L'EUROPE DU NORD (EUROBANK)
CREDIT COMMERCIAL DE FRANCE (MOYEN ORIENT) S.A.L.
INTERUNION-BANQUE
SLAVENBURG OVERSEAS BANKING CORPORATION (Curacao)

Agent:

BANCO URQUIJO, S.A.

All of these securities having been sold, this announcement appears as a matter of record only.

\$250,000,000

CITICORP

Floating Rate Notes Due 2010

Repayable Semi-Annually at Par Commencing May 1, 1982 at the Option of the Holder

Interest on the Notes is payable semi-annually on May 1 and November 1, commencing November 1, 1980. The per annum rate at which interest will accrue will be 16.90% through May 31, 1980 and thereafter will be adjusted monthly. From June 1, 1980 through April 30, 1982, the per annum rate for each calendar month will be the then current "interest yield equivalent" of the weekly average per annum market discount rate for three-month U.S. Treasury bills plus 110% of the Interest Differential, provided that through July 31, 1980 the per annum rate at which interest will accrue for any month will not be less than 16.90%. From May 1, 1982 and thereafter, the rate will be the then current "interest yield equivalent" plus 102.5% of the Interest Differential. The Interest Differential is defined as the excess, if any, of (i) the then current weekly average per annum secondary market yield for three-month certificates of deposit over (ii) the then current "interest yield equivalent" of the weekly average per annum market discount rate for three-month U.S. Treasury bills. The interest rate for any calendar month will in no event be higher than the maximum rate then permitted by New York law as the same may be modified by United States law.

Goldman, Sachs & Co.

The First Boston Corporation

Merrill Lynch White Weld Capital Markets Group

Salomon Brothers

Morgan Stanley & Co. Bache Halsey Stuart Shields Bear, Stearns & Co. Blyth Eastman Paine Webber Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Drexel Burnham Lambert E. F. Hutton & Company Inc. Kidder, Peabody & Co.
Lazard Freres & Co. Lehman Brothers Kuhn Loeb L. F. Rothschild, Unterberg, Towbin Shearson Loeb Rhoades Inc.
Smith Barney, Harris Upham & Co. Warburg Paribas Becker Wertheim & Co., Inc. Dean Witter Reynolds Inc.
ABD Securities Corporation Aronhold and S. Bleichroeder, Inc. Atlantic Capital Basic Securities Corporation
Babson, Eshler, HEB Richards Williams Blair & Company Roettcher & Company J. C. Bradford & Co.
Alex. Brown & Sons Butler & Singer Inc. Dunn Bosworth A. G. Edwards & Sons, Inc.
EuroPartners Securities Corporation First Southwest Company Robert Fleming Janney Montgomery Scott Inc.
Kleinwort, Benson Ladenburg, Thalmann & Co. Inc. Legg Mason Wood Walker
McDonald & Company Muehle, Haggarten, Estabrook & Weiden Inc. New Court Securities Corporation
The Ohio Company Oppenheimer & Co., Inc. Piper, Jaffray & Hopwood Win. E. Pollock & Co., Inc.
Frederick, Bull & Tarben Rauscher Pierce Reines, Inc. The Robinson-Hamphrey Company, Inc. Ratan Wadia Inc.
M. A. Scapino & Co., Inc. Stuart Brothers Sutor & Co. Thomson McKinnon Securities Inc.
Tucker, Anthony & R. L. Day, Inc. Wood, First Securities, Inc. Wood Gundy Incorporated Sanford C. Bernstein & Co., Inc.
Bras, Nordmann, Rea & Co. First Albany Corporation Josephthal & Co. Landlaw Adams & Peck Inc.
Cyprus J. Lawrence Moore & Shiley, Cameron & Co. John Muir & Co. Neuberger & Berman
May, 1980

The Charterhouse Group 1979

Mr Nigel Mobbs reports

In my statement last year I forecast that profits for 1979 would be little changed. In fact, the year on year improvement at the pre-tax level, excluding the bank, is just under 10%. The improvement in attributable profit includes the benefit of higher oil revenues, improved profits from Charterhouse Japhet, lower profit attributable to minority interests and a considerably reduced tax charge.

The attributable profit after taxation of £8,824,000 for the year ended 31st December 1979 showed an increase of 37% over that for the comparable twelve months of 1978, and earnings per share increased by 34.8%.

Dividend

The Directors are recommending a final dividend of 2.5 pence per share, which when aggregated with the interim payment, amounts to 4.1 pence per share - an effective annual increase of 11.1%.

Results in brief	£ million	1979	*1978	1978
		12 months	12 months	15 months
Profit before interest (excluding the bank)	18.6	15.6	18.7	
Profit before taxation (excluding the bank)	10.3	9.4	11.4	
Profit of the bank after tax and transfer to inner reserve	1.4	0.8	0.9	
Attributable group profit after taxation	8.8	6.4	7.8	
Earnings per ordinary share (pence)	9.25	6.86	8.276	
Dividends per ordinary share (pence)	4.10	3.69	4.613	

*Unaudited figures for the 12 months ended 31st December 1978

The main features of the year's results are:

• Very satisfactory improvements in results from both the banking and development capital activities.

• A continued strong performance by Spring Grove provided the basis during the latter part of the year for a very successful flotation by way of tender offer to the Group's shareholders and 60% of the issued capital of this company is now in the hands of the public. More than £10 million was raised, so strengthening the Group's balance sheet, improving its gearing and providing resources for new investment. The flotation in 1979 is the culmination of a long and successful relationship and is a good example of the Charterhouse philosophy of helping companies grow to a stage where they are large and strong enough to become independent.

• The first substantial contribution from the Group's investment in the Thistle Field; Charterhouse Petroleum Development, which early in the year increased its stake in the Thistle Field to 2.3%, produced profits of £3.4 million compared with a figure of only £655,000 in the previous year. Future prospects appear to be excellent.

• A strong recovery by Charcon Products, although this was partially offset by a substantial reduction in the contribution from Newage Engineers, which suffered from lower demand in its international markets.

• Glanville Enthoven was affected by increased international competition in insurance broking, over-capacity in the market and the high value of sterling.

Future prospects

The Group is now a broadly based investment and banking group, offering a wide range of financial and equity support to commerce and industry. As an investment and banking group, Charterhouse will continue to assist the prosperous development of small to medium sized businesses and its financial resources will continue to be re-invested in new opportunities.

The Group is increasing its spread of investments and financial activities and, subject to no unforeseen circumstances, looks forward to a better year for profits, which should again be materially assisted by increased oil revenues, even though such profits are more highly taxed than other profits.

NIGEL MOBBS, Chairman



The Charterhouse Group is an investment and banking group listed on the Stock Exchange, London, with shareholders' funds of £70 million and total capital employed of £105 million. More than 30% of profits arise from exports and overseas earnings.

The Group's strategy is to invest in businesses with the object of improving their profitability and future prospects. Many of the subsidiaries of Charterhouse have been developed from small beginnings and are now successful and mature enterprises. Opportunities to enhance the further development of these companies by the allocation of additional resources or by the introduction of additional partners or shareholders, or by flotation if appropriate, are always under active consideration.

Charterhouse aims to achieve a balanced investment portfolio, earning an improving return on capital in which risk, profit and capital requirements are balanced, so limiting exposure in individual market sectors, companies and geographical locations.

Copies of the Annual Report of The Charterhouse Group Limited are obtainable from: Group Communications Department, The Charterhouse Group Limited, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Telephone 01-248 3999.

THYSSEN

**BUSINESS SHOWED UPWARD TREND
WORLDWIDE SALES OVER DM 25 BILLION**

The following is a summary of the Annual Report 1978-79 submitted by the Management of Thyssen Aktiengesellschaft to the annual meeting of Shareholders.

The Thyssen Group's business in the 1978-79 fiscal year essentially showed an upward trend. Worldwide external sales totalled DM 25.4 billion, 8% above last year's level. General business recovery had a positive impact on the Group earnings, too.

Thyssen Sales

Group totalled worldwide DM 32.2 billion in sales, 8% up from last year. Deducting the intercompany sales, the external sales total DM 25.4 billion.

In spite of the setbacks caused by the labour dispute, the company's steel division showed a 7% increase in sales. With its 15%, the specialty steel division scored a particularly noteworthy increase in sales. In contrast, transactions declined by 2% in the capital goods and manufactured products division. The trading and services division record a 16% expansion in sales in 1978-79.

Thyssen Investments

Thyssen invested a total of DM 1.1 billion, including DM 983 million in the Federal Republic of Germany and DM 130 million abroad. DM 1,058 million accounted for tangible and DM 75 million for financial assets.

Steel Division

Steel demand in several industrialised countries was supported by a new upswing in capital expenditure and construction activities. The U.S. steel market which used to be very strong previously weakened noticeably during the second half of 1979.

The structure of the world steel industry has changed considerably in recent years. New steel producing countries are pushing to the front. This makes it also necessary for our steel division to adjust its capacities to a lower level of production and to take full advantage of the still existing rationalisation possibilities. Our product mix was streamlined still further in 1978-79.

Incoming orders fell by approximately 4%. Total sales of the steel division increased by 7% to DM 7.8 billion. With 11.9 million tons of crude steel, the division's output was up 2.8% from last year. In April, 1979, another continuous casting machine started operation. Thus, in 1978-79, the share of continuous casting in the crude steel output rose to 31.5%.

With a total of 10 million tons, production of rolled steel remained unchanged. The manufacture of lightweight structural sections and wire rod was expanded whereas the production of heavy structural sections declined, except for permanent-way material. Our plate mill capacities were not used satisfactorily either. Hot strip output was adversely affected by the labour dispute. Production of coated sheet was stepped up substantially.

A total of DM 629 million was invested in our steel division in 1978-79.

Following last year's unsatisfactory results and in spite of the impact of the labour dispute in the iron and steel industry, overall results of the steel division were again positive. This is mainly due to Thyssen AG's contribution. The improvement was primarily the outcome of increased per-ton revenues and the higher capacity utilisation rate during the second half of the year.

Specialty Steel Division

The demand for specialty steel was relatively good in 1978-79. Above all, this is the result of improved business in capital goods

and the still high level of production in the automotive industry. In 1978-79, Thyssen Edelstahlwerke booked 18% more orders than last year. Most of our foreign offices of the specialty steel division scored a substantial gain in business.

Sales of the specialty steel division increased by 15% to DM 2.8 billion. In 1978-79, the division's investments amounted to DM 90 million. In June, 1979, an additional DM 230 million investment programme was approved.

During the fiscal year under review, the division has obtained fully satisfactory results. As against last year, the improvement was primarily due to the favourable development on domestic and foreign markets during the second half of the year.

Capital Goods and Manufactured Products Division

Sales amounted to DM 8.4 billion, 2% less than last year. Thyssen Industrie's bookings in 1978-79 were up 7% from last year. Sales totalled DM 4.4 billion, thus reaching last year's level. Most sectors scored a slight increase in sales. Sales were declining at Thyssen Uniformtechnik/Bergbautechnik, Thyssen Plastik and Thyssen Nordseewerke.

Our U.S. company Budd's sales increased by 4% to over US\$ 1.5 billion. Sales of automotive stampings and frames declined. Development of business in the other sectors was more favourable. Budd's sales in terms of Deutschmarks amounted to DM 2.8 billion which is 8% less than the comparable figure for 1977-78.

During the reporting year, the capital goods and manufactured products division invested a total of approximately DM 326 million. Of this amount, Thyssen Industrie accounted for DM 147 million and The Budd Company for DM 134 million.

Thyssen Industrie's results deteriorated significantly as against last year. Most of the sectors suffered losses or showed declining results. The Budd Company's results for the reporting period were good again.

Trading and Services Division

Our trading and services division showed a gratifying increase in sales by 18% to DM 13.2 billion. Thyssen Incorporated, our U.S. trading company, scored a 7% increase in sales in 1978-79.

The division invested a total of DM 88 million in 1978-79; DM 35 million for Thyssen Handelsunion.

Thyssen Handelsunion closed the fiscal year with good results. All sectors have contributed a positive share. Business was particularly successful in industrial plant and equipment and in trading with fuels and scrap. The results of domestic trading in rolled steel and tubes remained unsatisfactory. The overall results of Thyssen Handelsunion's foreign companies were positive. The transportation companies operated satisfactorily.

Results

The annual profit amounted to DM 167.3 million. A DM 4 cash dividend per share of DM 50 par value is proposed.

Copies of the Annual Report and Accounts in English may be obtained from the Company and from N. M. Rothschild & Sons Ltd., New Court, St. Swithin's Lane, EC4P 4DU and from S. G. Warburg & Co. Ltd., 30 Gresham Street, EC2P 2EB, and National Westminster Bank Limited, Stock Office Services, Drapers Gardens, 12 Throgmorton Avenue, EC2P 2ES.



THYSSEN AKTIENGESSELLSCHAFT
vorm. August Thyssen-Hütte

Companies and Markets

UK COMPANY NEWS

Turner & Newall to sell Canadian asbestos interests

Turner and Newall, the industrial group whose profits fell from £39.7m to £27.5m in 1979, is to sell its Canadian asbestos interests for £35.5m.

A spokesman for the company said that T and N was approached by Societe Nationale d'Amiante, a Quebec Government agency formed to acquire interests in the state's asbestos resources. Agreement in principle for the sale has now been reached but many details have yet to be ironed out.

The main asset in the package is the Bell Asbestos mine which produces chrysotile asbestos fibre. It has been one of T & N's main sources, but since the solution of the political problems in Zimbabwe the company is once again receiving supplies from its mine there as well as from Swaziland.

In any case, the spokesman said, T & N would continue to buy supplies from the Bell mine, although he could not confirm whether the sale agreement contains clauses safeguarding the existing forward contracts.

Turner and Newall's Board will use the proceeds of the sale "to some extent" to offset group borrowings, the spokesman said. Group net borrowings at the end of last year were £125m compared with £83m the previous year, the bulk of the increase coming from overdrafts and short-term loans.

Turner and Newall has been investing heavily in new plant and reconstruction of existing plant in the UK and, excluding Rhodesia, where its expansion is

likely to be self-financing, needs £30m to meet capital investment commitments for this year. It has also been making strategic investments in the past few years and the spokesman said that these almost inevitably meant that there would have to be "divestments" elsewhere.

Meanwhile, although Mr. Stephen Gibbs, the chairman, expects 1980 to be a better year than the problem 1979, he admits that "the short-term economic climate is far from encouraging."

BURNS PHILP AND S. HOFFMANN

The chairman of S. Hoffmann and Company is advising shareholders to accept the offer from Burns Philp. Directors are accepting in respect of their own holdings. Burns Philp's offer becomes unconditional on April 29.

WARD WHITE BUYS LANGS COMPANIES

The Ward White Group has acquired Langs Shoes and Langs Estates for about £170,000-75 per cent in cash and the balance in ordinary shares. The companies acquired trade as footwear retailers under the name of Langs from two shops in north east London.

GEO. WIMPEY SELLS MOWLEM STAKE

George Wimpey, on May 2, sold its holding of 1.71m ordinary shares in John Mowlem and Co. reducing its holding from 10,809 to nil.

ACC completes purchase of 85% stake in Jetsave

Associated Communications Corporation, which owns ATV, EYE, Records and Classic Cinemas, has completed its cash purchase of a majority stake in the Jetsave Group, the holiday and travel organisation.

Under the deal, ACC has acquired an 85 per cent stake for an undisclosed sum from Mr. Reg Pycroft, Jetsave's founder and managing director, and a consortium of Kuwaiti interests. Mr. Pycroft is retaining a 15 per cent interest in Jetsave.

ACC is believed to have paid over £1m for its stake, but Lord Grade, ACC's chairman, declined to name the precise figure.

In the year ending March 1979, Jetsave reported operating profits of nearly £2m. The group expects a turnover of £30m and record profits for 1980.

In 1976 Mr. Pycroft sold 19 per cent of Jetsave to a Middle Eastern Arab-backed consortium operating from Luxembourg to raise facilities for development cash should the need arise. These interests have now sold out to ACC.

Lord Grade said yesterday

that "the acquisition of Jetsave provides a springboard for ACC's entry into the booming North American holiday and travel business. Already, we have a large hotel in Los Angeles, California, an area served by Jetsave. We intend, with Reg Pycroft, to make ACC a powerful force in world travel."

Lord Grade will become chairman of Jetsave, while Mr. Pycroft will continue as managing director and is being appointed to the Boards of companies involved in the expansion of ACC's travel and leisure activities.

SHARE STAKES

Garrard and National Discount Co.-Save and Prosper Group has acquired 550,000 shares, making holding 1,201,520 (8.03 per cent).

Inveresk Group-Mr. E. S. Nassar is now interested or deemed to be interested in a further 300,000 stock units, making interest or deemed interest 1,588,000 (7.8 per cent) stock units.

MINING NEWS

Kaiser's big BC coal expansion

BY KENNETH MARSTON, MINING EDITOR

A MAJOR expansion is planned for the coal division of Canada's Kaiser Resources, "in anticipation of an increase in world coal demand in the 1980's," according to the chairman, Mr. Edgar Kaiser. He added that the expansion would involve the development of the CS200m (£74.3m) Greenhills mine and plant project near Sparwood in British Columbia.

The new mine should be producing at the rate of 2m tons of metallurgical coal a year by 1984. Kaiser's existing operation at Elkville, near Sparwood, is Canada's largest coal mine and produces nearly half of the country's exports of metallurgical coal.

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Mothercare ends 41% higher

Fall to £11.3m at John Laing

DIVIDENDS ANNOUNCED

Company	Current dividend	Date of payment	Corresponding dividend	Total last year	Total this year
Costain Group	1.5	July 4	1.5	3.0	3.0
Geers Groep	1.88	July 4	1.5	2.88	2.5
John Laing	3.04	July 21	2.49	5.54	4.76*
Marshall's Universal	2.1	July 14	2.01	—	5.85
Moss Engineering	3.83	July 1	2.16	5.0	3.39
Mothercare	1.8	July 9	1.8	2.4	2.4
H. C. Slingsby	0.7	—	0.5	1.23	1.01
Third Mile Invest.	0.4	July 7	0.4	—	1.4
Wellco	Nil	—	2.17	—	6
Whessoe	Nil	—	2.17	—	6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Includes 0.470p special interim.

Whessoe slumps at midway and passes interim dividend

Petroleum Maatschappij NV are in progress. No specific value has been put on the claim against Whessoe, which relates to the destruction by fire of a liquid gas storage facility at Umm Said in 1977.

When lifting last year's dividend, Whessoe took the view that its problems were of an "exceptional and temporary" nature. Events in the subsequent six months have shown that its difficulties have grown rather than disappeared thus profits have all but evaporated and the interim dividend is passed.

Delays in contract completions have swollen working capital requirements and the interest burden has been aggravated by the long wait for cheaper EIB finance. The aim now is to shift the fabrication emphasis from conventional process plant work (where margins for heat exchangers, pressure vessels and other categories have been wiped out by competition) to AGR work.

Dividends for 1979-80 totalled 6p, with a final of 3.83p. The fall in profit is mainly attributable to heavy pre-tax losses in the UK operations of Whessoe Heavy Engineering and Aiton Power in Canada. All other subsidiaries operated at a profit.

Tax takes £121,000 (£457,000), leaving a net loss of £77,000 (£524,000 profit), or 0.8p (5.8p profit) per 25p share.

Negotiations over the venue and forum for hearing the claim by the Qatar Petroleum Producing Authority against Whessoe and Shell Internationale

of succeeding in its \$415m cash takeover bid for the U.S. tobacco and drinks group, Liggett, received a major setback on Tuesday when Liggett welcomed a cash and shares offer from another U.S. food group, Standard Brands, that could be worth \$530m.

Standard said it would soon offer \$65 per share for up to 45 per cent of Liggett's common stock. In addition, it would offer \$70 a share for 10 per cent of Liggett's common stock.

The meeting will be held in the Grosvenor House Hotel and is intended to tell shareholders about Marsh and McLennan and its plans for Bowring. Mr. Jack Regan, chairman of Marsh, will be present.

London and Provincial Foster Group states that the Office of Fair Trading has indicated to it that it is not intended to refer the proposed acquisition of L. and F. to the Monopolies Commission.

Accordingly, provided that the High Court sanctions the scheme of arrangement, it is expected that the offer will be binding on shareholders on June 18.

Christies International acquires Robson Lowe

Christies International is acquiring Robson Lowe, the philatelic organisation, for £750,000 cash plus an amount equal to the after-tax profit for the year to August 29, 1980.

Robson Lowe's pre-tax profit for 1978/79 was £217,000, and the net tangible assets to be acquired, amounting to about £550,000, include colour printer Woods of Perth but not the stamp stocks.

Mr. Robson Lowe will remain as chairman of the Robson Lowe group with Mr. L. G. Hannen, deputy chairman of Christies, as his deputy and Mr. Charles Leonard as managing director.

The other directors will continue in office and will be joined by Mr. Jonathan Price from Christies as director responsible for finance.

Sales of stamps will continue to be held regularly at Robson Lowe's premises in London, Bournemouth, Exeter, Geneva, Zurich, Bermuda, and Johannesburg.

Henry Jones is a building contractor in the Portsmouth area, and the acquisition continues to further Lillie's policy of seeking to establish the group in new geographical areas.

F. J. C. LILLEY

F. J. C. Lilley has acquired Henry Jones and Son (Portsmouth) for £300,000.

Pauls & Whites paying £0.8m for L. F. Jewell

Pauls and Whites has reached an agreement in principle for the purchase of L. F. Jewell for £800,000. It is expected that this will be satisfied by the issue of new fully paid Pauls and Whites ordinary shares.

Jewell, located in Bridgwater, Somerset, and Redhill, Avon, is the Ford main dealer for tractors and industrial equipment in those areas. It has made profits before tax in excess of £200,000 in each of the last two years.

ICG HAS 97.4% OF COMPAIR

Imperial Continental Gas has now acquired, or agreed to acquire, 97.4 per cent of the share capital of Compair. The Board intends to acquire compulsorily the outstanding shares.

WARING/MAPLE

Fielding, Newton-Smith and Co., brokers to Waring and Gilbey, on May 2 bought on its behalf 200,000 Maple and Co. at 35p.

First half downturn at Wellco

RELOCATION COSTS and disturbance connected with the moving of its principal distribution subsidiaries to Arlesey, Buckinghamshire, coupled with rationalisation costs and significantly higher interest charges, meant that pre-tax profits of Wellco Holdings fell from £265,000 to £236,000 for the half year to December 31, 1979.

Following the Arlesey move, the company has relocated its electrical manufacturing activities to the former distribution premises at Hitchin. As a result of rehousing both these activities, Wellco has been left with a surplus factory and a 10,000 sq ft warehouse for disposal. However, negotiations are at an advanced stage for the sale of the factory at a satisfactory profit, while there are prospects of negotiating the sale of the warehouse at an acceptable price.

At home, volume has been holding up tolerably well in the first quarter of 1980 but competition and greater product availability has bitten deeply into margins. Five of the existing eight UK distributorships will have been closed by the end of next month which, with stock reductions, will release some £4m for redeployment; new markets for the paper and board distribution division and components are the obvious targets for new investment. The group itself is not anticipating much tangible recovery until the second half, which suggests that the shares, on a p/e of 7.5 after the published tax charge, are unlikely to travel very far short term. The dividend, however, is covered in reasonable comfort to yield 11.4 per cent.

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A SUBSTANTIAL reduction in U.S. losses, together with increased UK profits, helped lift the taxable surplus of Mothercare by 41 per cent to a record £22.28m for the year to March 28, 1980. Sales, excluding VAT, were 23 per cent higher at £160.17m.

Mid-term pre-tax profits were up from £7.02m to £10.55m. Full-year trading profits in the UK rose by 35 per cent to £21.22m, on sales 23 per cent ahead at £129.82m. U.S. losses were cut from £1.59m to £0.39m, while turnover increased by 33 per cent to £12.87m.

In Europe, profits were 35 per cent lower at £1m, on sales 14 per cent higher at £17.48m.

The net total dividend is stepped up from 3.3883p to 5p, with a final of 3.38p. Earnings per 10p share are given as 17.2p (11.79p), after tax of £11.19m, against £8.15m.

The pre-tax surplus included £1.02m (£0.41m) investment income, less interest paid; £0.16m capital receipt and £0.27m profit on disposal of properties this time.

Total exports of the maternity and children's wear, prams and accessories group amounted to £13.99m (£12.11m), of which £11.5m (£8.45m) were despatched to group companies overseas.

The number of stores trading at the year end was: UK 186 (177); Europe 24 (18); and U.S. 156 (154).

During the year new stores were opened in Ury St. Edmunds, Falkirk, Horsham, Milton Keynes, Rochdale, Staines, Warrington, Washington, Windsor, Vienna South (Austria), Antwerp and Liege (Belgium), the Hague (Netherlands), Avry and Asle (Switzerland).

In the U.S., eight new Mothercare stores opened and six Mothercare-To-Be shops were closed as planned.

comment

Mothercare's figures show that the group is still finding plenty of room for growth: UK volume was up 9 per cent in the existing

stores and, with an improvement in realised gross margins thanks to lower write-downs of stock, net margins rose a full point. In the U.S., Mothercare seems to have got its merchandise mix right, and sales rose 28 per cent in volume, but heavy promotional spending will prevent any significant move into profit in the current year. With Europe likely to stay under pressure because of high sterling, any growth will have to come in the UK, where net margins are going to be squeezed by higher operating costs. Still, Mothercare should claw its way over £35m—certainly the £25m on a prospective p/e of 13 and assuming that it will.

comment

Tight UK margins and Spanish losses have hurt John Laing badly above the line, and a further 22m dropped away below into the maw of Allied Technology. Provision has now been made for the whole cost of Laing's share of Atech, and the annual report should tell shareholders a little more about the debacle. In Spain, taking the minorities credit as the outstanding 15 per cent of Laing SA, losses topped £2m. Back home, high weather and the haulage dispute exacerbated the problems of tightening margins in a shrinking building and engineering market. The star performer of 1979 UK home-building, Laing, has a tougher challenge year and Laing may well have to look twice at expansion plans. Overseas, there are few signs to encourage hopes of a turnaround in Spain, while previously important middle eastern markets have turned cold. The yield is pushing 10 per cent and the fully-taxed historic p/e is four, with the shares down 14p to 44p. Net worth is a pound a share in the 1978 balance sheet. Whessoe and Shell Internationale

comment

Grand Metropolitan's chances of succeeding in its \$415m cash takeover bid for the U.S. tobacco and drinks group, Liggett, received a major setback on Tuesday when Liggett welcomed a cash and shares offer from another U.S. food group, Standard Brands, that could be worth \$530m.

Standard said it would soon offer \$65 per share for up to 45 per cent of Liggett's common stock. In addition, it would offer \$70 a share for 10 per cent of Liggett's common stock.

The meeting will be held in the Grosvenor House Hotel and is intended to tell shareholders about Marsh and McLennan and its plans for Bowring. Mr. Jack Regan, chairman of Marsh, will be present.

London and Provincial Foster Group states that the Office of Fair Trading has indicated to it that it is not intended to refer the proposed acquisition of L. and F. to the Monopolies Commission.

Accordingly, provided that the High Court sanctions the scheme of arrangement, it is expected that the offer will be binding on shareholders on June 18.

Christies International acquires Robson Lowe

Christies International is acquiring Robson Lowe, the philatelic organisation, for £750,000 cash plus an amount equal to the after-tax profit for the year to August 29, 1980.

Robson Lowe's pre-tax profit for 1978/79 was £217,000, and the net tangible assets to be acquired, amounting to about £550,000, include colour printer Woods of Perth but not the stamp stocks.

Mr. Robson Lowe will remain as chairman of the Robson Lowe group with Mr. L. G. Hannen, deputy chairman of Christies, as his deputy and Mr. Charles Leonard as managing director.

The other directors will continue in office and will be joined by Mr. Jonathan Price from Christies as director responsible for finance.

Sales of stamps will continue to be held regularly at Robson Lowe's premises in London, Bournemouth, Exeter, Geneva, Zurich, Bermuda, and Johannesburg.

Henry Jones is a building contractor in the Portsmouth area, and the acquisition continues to further Lillie's policy of seeking to establish the group in new geographical areas.

F. J. C. LILLEY

F. J. C. Lilley has acquired Henry Jones and Son (Portsmouth) for £300,000.

Pauls & Whites paying £0.8m for L. F. Jewell

Pauls and Whites has reached an agreement in principle for the purchase of L. F. Jewell for £800,000. It is expected that this will be satisfied by the issue of new fully paid Pauls and Whites ordinary shares.

Jewell, located in Bridgwater, Somerset, and Redhill, Avon, is the Ford main dealer for tractors and industrial equipment in those areas. It has made profits before tax in excess of £200,000 in each of the last two years.

ICG HAS 97.4% OF COMPAIR

Imperial Continental Gas has now acquired, or agreed to acquire, 97.4 per cent of the share capital of Compair. The Board intends to acquire compulsorily the outstanding shares.

WARING/MAPLE

Fielding, Newton-Smith and Co., brokers to Waring and Gilbey, on May 2 bought on its behalf 200,000 Maple and Co. at 35p.

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Jewell, located in Brid

Bulk shipping division boosts P & O profit to near £39m

Interest charges hit Mallinson

CMT falls at midway

Feedex slips to £0.83m

Sears growth pegged by margins squeeze and engineering

Milletts better than forecast at £1.6m

Matthew Hall finishes just ahead at £7.6m

Receiver for J. Dykes

Sainsbury 34% ahead after second half lift

Wardle chief moves

Investment aims of S. Pearson

**Pearson
Longman**

Second half setback for Moss Bros.

BIDS AND DEALS

Cowie finally moves in with offer for George Ewer

MINING NEWS

Zimbabwe keeps options open

about. When they contributed to the Government's policies and, in particular, to the betterment of the welfare of the masses."

Earlier this week Mr. Mugebe said that future foreign investment in Zimbabwe would have to be "Zimbabwe-orientated" (the minority shareholders remaining in the country) with the requirement that profits must be reinvested here.

He said yesterday that he wished to stress that the key word in his view was "persuasion". It was not a demand. It was a request that the Government's industrial legislation against foreign repatriation, "but refer to private investors to join in the development of the Zimbabwean programme." The best deal which foreign investors could do.

CRA

EARNINGS of Conzinc Riotinto of Australia this year should be at least ahead of those for 1979/80 because of the world economic recession and the fact that a "significant" rise has been seen so far is unlikely to be sustained, said Sir Roderick Carnegie at the Melbourne meeting.

Regarding the Ashton joint venture, diamond project in Western Australia, Sir Roderick said that long-term work would be done before the viability of long-term operations could be established, "a small scale short-term operation, based on the alluvial open terraces at CRA, could be commenced at Ruziziya."

Hawley Leisure £1m rights

DIVIDENDS ANNOUNCED

	Current payment	Date payment	Corro- sponding div.	Total year	Total last year
Midland	8.46	July 26	0.77	2.91	1.94*
Victorian Estate	1.25	July 11	8.7	12.5	10
M.M.T.	1.65	July 1	1.55	—	3.3
A. Devenish	2.25	July 14	2.13	—	7.38
Chamai Hldgs.	4	—	4	4	—
Invest	3.2	May 31	2.96	6.87	6.14
English & Intl. Trst.	3.5	July 28	3.2	5	4.25
Coeders	0.89	July 4	0.71	1.54	1.23*
On Union Trst. sec int.	4.25	June 9	3	6	4.25
Comme Hldgs.	0.89	June 3	0.89	—	4.06
Intl. Hall	5.46	July 1	4.35*	7.11	5.91*
Malinson-Denny	2.25	July 2	3.38	3.75	3.12
da. & Prov. Shop int.	0.5	July 2	0.37	—	—
arks and Spencer	1.9	July 15	1.45	4.8	2.61
Gillets	4	July 10	3.32	6.95	3.32
da. & O.	4	July 1	3.54	7	6.54
Sainsbury	7.25	July 25	4.85	10.26	7.12
amnelson Film	int	—	3	—	8.77
East Union	1.5	June 26	1.25*	2.71	2.1*
bers Holdings	1.3	—	0.94	3	1.44
Dividends shown pence per share net except where otherwise stated.					

* Equivalent after allowing for scrip issue.

† On account of rights and/or acquisition issues. ‡ Final of 1.11p forecasted dividend special payment of 0.7248p. § Forecast 3p total for current year.

Financial Times Friday May 9 1980

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Initial agreement reached over ITEL debt package

By David Lascelles in New York

ITEL, the ailing San Francisco leasing concern, has made some progress towards restructuring its \$1.2bn debt, but says that settlement of its large insurance claims against Lloyd's of London could still be a long way off, and this might delay final solution of the debt problem.

In an announcement on Wednesday night, ITEL said it had reached preliminary agreement with some of its largest bank lenders. It gave no details, but said that the final package would include reduced interest obligations, delayed maturities and the

potential conversion of a portion of the bank debt into common and preferred stock.

The agreement is contingent on the approval of the remaining 28 bank and other lenders, as well as holders of certain ITEL securities. (Apart from common stock, ITEL has issued bonds in both the U.S. and the Eurodollar markets.)

Mr. James Malcom, ITEL's recently appointed chairman and chief executive officer, was optimistic about the proposed financial plan. He said: "The interim agreement gives ITEL an

opportunity to maintain viability without seeking protection under the federal bankruptcy laws."

A Lloyd's insurance syndicate of computer leasing contracts due to obsolescence of the leased equipment. However, certain aspects of the agreement have been challenged by Lloyd's members.

Among ITEL's outstanding debt are three Eurobond issues totalling \$85m in principal amount. All of these issues have been recently quoted on an indicative basis at around 20.

Heinz unaware of 'violation'

PITTSBURGH—H. J. Heinz said that a special year-long investigation into income transfers and other practices by some of its 1979 found that certain subsidiaries, without the knowledge of Heinz management, engaged in improper sales, expense and income transfers.

The company said that the report has been filed with the Securities and Exchange Com-

mission, said that while the practices clearly violated its code of ethics, they did not materially affect its financial results over the period.

It said the improper practices "did not serve any corporate purposes, nor did any individual employee derive any direct personal gain."

The report by the Audit Committee, independent counsel and outside auditors found that the

amounts involved in the practices "were not material to consolidated net income or shareholders' equity in the aggregate."

The company said that the committee proposed strengthening the accounting controls and procedures for financial reporting, including more direct participation by headquarters finance group of Heinz in affiliate company accounting.

Reuter

International Flavours pays more

By Our Financial Staff

INTERNATIONAL Flavours and Fragrances, the New York-based group which earns over 40 per cent of its profits in Western Europe, has increased its quarterly dividend to 23 cents, a share from 20 cents, payable July 11 to shareholders of record on June 20.

In addition to the bigger payout, the group forecast higher

profits this year. Mr. John P. Winand, treasurer, said after the annual meeting that analysts' projections of a 15 per cent increase in second-quarter earnings over a year ago are about on target. He declined to make a specific projection.

In the 1979 second quarter the company had net income of

\$18m, equivalent to 48 cents a share.

Mr. Henry G. Walter Jr., the chairman, reiterated an earlier estimate that earnings would continue to grow at a compound annual rate in excess of 15 per cent to 1980.

In 1979 the company earned \$61.5m, equal to \$1.68 a share.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR						Change on		Copenhagen 3 1/2 EUA	
STRAIGHTS	Issued	Bid	Offer	Day	Week	Yield			
Alcoa of Australia 10.80	80	97 1/2	98 1/2	10 1/2	11.57		20	102 1/2	+1 1/4 +0.12.71
Australian Fed 9.84	80	94 1/2	95 1/2	10 1/2	11.22		30	93	0 +0.12.72
Banque Paribas 10.80	80	98 1/2	99 1/2	10 1/2	11.22		25	93 1/2	0 +0.9.82
CECA 11.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 12.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 13.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 14.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 15.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 16.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 17.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 18.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 19.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 20.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 21.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 22.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 23.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 24.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 25.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 26.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 27.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 28.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 29.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 30.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 31.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 32.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 33.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 34.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 35.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 36.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 37.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 38.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 39.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 40.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 41.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 42.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 43.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 44.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 45.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 46.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 47.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 48.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 49.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 50.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
CECA 51.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82
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CECA 127.80	80	98 1/2	99 1/2	10 1/2	11.22		30	94 1/2	0 +0.9.82

INTERNATIONAL COMPANIES and FINANCE

AEG-Telefunken to reduce losses

BY KEVIN DONE IN BERLIN

AEG-TELEFUNKEN, the financially-troubled West German electronics and electrical group, is expecting to reduce its loss this year to between DM 100m and DM 200m in contrast to trading losses of some DM 437m (\$245.5m) in 1979.

Herr Heinz Dürr, the new chief executive of the AEG group, said that the company is still holding to its forecast that it will manage to return to profitability in 1981.

Last year AEG ran up total losses of some DM 988m, of which about DM 524m was accounted for by the costs of moves to re-organise the company and cut back the loss-making sectors.

Measures to secure the immediate financial future of the group were now largely complete, said Herr Dürr. In addition to the DM 930m subscribed by shareholders in new equity capital earlier this year, some DM 120m had been subscribed

through the means of unsecured convertible debentures and DM 330m had been raised through unsecured debentures taken up by a group of around 30 major West German industrial concerns.

This gesture of "solidarity" from some of Germany's biggest companies including groups such as Volkswagen and Bayer could produce a final sum of some DM 350m, said Herr Dürr.

The complete rescue could therefore total some DM 1.4bn in addition to the losses incurred by shareholders in having their original equity capital written down from DM 930m to DM 310m. The consortium of banks which underwrote the new capital issue of DM 930m—310m shares priced nominally at DM 50 were issued at DM 150 per share—are also carrying a large loss on the new issue with the AEG share price having tumbled since

March from DM 96 to only some DM 73. In addition to these measures AEG has also restructured nearly DM 2bn of its long-term loans with its banks agreeing to allow a maturity of 8 years and a moratorium on repayments for the first three years.

Herr Dürr said the forecast for a return to profitability in 1981 was based partly on the fact that many of the restructuring measures would only start to have a substantial effect on the group's performance in 1981 and 1982.

Last year all AEG's operating divisions were firmly in the red with the exception of the telecommunications and transportation systems sector.

Herr Dürr said that group sales worldwide were expected to grow this year by some 6 per cent to DM 15.1bn, while new orders should rise by 7 per cent to DM 15.2bn.

The group has failed to cut

back labour costs as quickly as was envisaged when the latest batch of rescue measures were being formulated last year.

A further 6,617 jobs are expected to disappear this year bringing the group workforce down to 147,700. The biggest cutbacks are being implemented at AEG's manufacturing plants in Germany, with the loss of some 7,300 jobs this year, while the workforce overseas is actually being increased.

In the first quarter of 1980 AEG made satisfactory progress, said Herr Dürr, with orders rising by some 16 per cent above the level of the corresponding period last year.

The main increase came from the group's divisions which serve the process plant industry, such as power engineering, industrial systems, telecommunications and transportation systems with new orders jumping by 25 per cent. First quarter sales were up by 6 per cent.

Advance in profits and sales at SKF

By William Dullforce in Stockholm

SWEDEN'S SKF Group continued to raise both its sales and earnings during the first three months of 1980. The bearings and steel manufacturer reported first quarter earnings of SKr 243m (\$57.8m) against SKr 99m for the first three months last year and the SKr 161m recorded in the final and best quarter of 1979.

After more than doubling annual earnings to SKr 475m last year SKF predicted in its annual report a 10-15 per cent advance in sales this year. Improved efficiency and intensified marketing should make "significant improvements in group earnings possible" this year in spite of the recession in the U.S. and an expected downturn in Europe, it said.

Group first quarter sales climbed by 20 per cent to SKr 3,256m (\$776.6m) with all the main products showing good demand and favourable sales development.

Rolling bearings accounted for 68 per cent of turnover and showed particularly good profit development with the margin on sales rising from three to 7.2 per cent. First quarter earnings on bearings were SKr 171m.

RIV-SKF operations in Italy made the greatest advance but both the French and British bearing companies which had been losing money recently, showed a marked change for the better.

The steel division, which also improved its margin from 3.7 to 6.7 per cent, accounted for 16 per cent of sales. It returned a pre-tax profit of SKr 39m compared with SKr 16m for the corresponding quarter of last year.

Greater sales volume and rationalisation benefits contributed to a relative drop in production and administrative costs of 36.4 per cent of sales against last year's comparable figure of 39 per cent. The sales increase was achieved with an insignificant rise in inventories which at the end of March corresponded to 48 per cent of annual sales in value.

Total shows strong advance on year

By Our Paris Staff

THE TOTAL Group, France's largest oil concern, showed net profit of FF2.45bn (\$584m) last year compared with FF4.51bn the year before.

This figure, which reflected improved operating results at Total's production subsidiaries and higher margins on refining and distribution, does not include a FF2.38bn profit stemming from the revaluation of stocks using the "first in first out" method.

The share of the parent company, Compagnie Française des Pétroles (CFP), in the group's earnings was FF2.04bn. Cash flow rose to FF6.58bn, or FF10.33bn including stock revaluation, from FF3.33bn.

The group's turnover climbed to FF73.6bn from FF56.3bn despite a drop in the total volume sold from 82m tonnes to 75m.

Total, in which the French state has a blocking minority stake, said that the improvement in its results had enabled it to embark on a bigger investment programme, concentrating on exploration and adaptation of refining facilities. Investment last year totalled FF2.94bn, of which 55 per cent went on hydrocarbon exploration and production.

Siemens lifts first half net earnings by 15%

BY JONATHAN CARR IN BONN

SIEMENS, West Germany's largest electricals concern, raised net profit to DM 323m (\$181.46m) in the first half to March 31 from DM 280m in the same period of last year, a gain of 15 per cent.

The company also reports sharp increases in sales and orders both at home and abroad buoyed by, among other things, strengthened demand for energy saving products.

First half orders were up by 17 per cent to DM 17.1bn, with those at home also up by 17 per cent to DM 8.4bn and those abroad by 16 per cent to DM 8.7bn. Big foreign orders included a major power station deal with Thailand.

Meanwhile, sales were up by 18 per cent to DM 15bn, based on a rise of 23 per cent to DM 7.3bn at home and of 14 per cent to DM 7.7bn abroad. Company sectors registering the

biggest rates of sales increase were communications, information systems and components.

All in all Siemens already seems set for results for the year as a whole surpassing that of 1978-79 in most key respects. Last year saw a fall in net profit to DM 682m from DM 721m on sales down by three per cent to DM 28bn—a cut largely caused by the upset to business with Iran.

The first half figures also show that Siemens is continuing to expand with its major investment programme announced earlier this year. Investment was up by nearly one third to DM 577m compared with the first half of 1978-79.

The planned European sanctions against Iran could have a serious impact on the West German arm of the Brown Boveri engineering concern, according to senior company

executives.

Dr. Hans Goehring, BBC chairman, warned that as a result of the uncertainties surrounding Iranian business and the prospect of slackening domestic demand, the Mannheim-based German affiliate would probably reach a sales turnover of around the 1973 level of DM 4bn this year. Group turnover admittedly increased in the first quarter by 6 per cent to DM 706m, but this was largely based on strong domestic demand which showed an 18 per cent rise. Overseas business dropped by 12 per cent.

BBC is still highly exposed in Iran where its total order volume is almost DM 1.3bn. Large pre-payments have been received and the company is covered to some extent by the German export credit guarantee scheme.

Tell us more, urges the COB

BY TERRY DODSWORTH IN PARIS

THE COMMISSION des Opérations de Bourse (COB), the Paris Stock Exchange's watchdog committee, continues in its campaign for greater disclosure by French companies and for swifter reporting of important developments affecting their future.

In its annual report for 1979 the COB maintains that there was a significant improvement last year in the quality of half-yearly reporting, where the COB has been aiming to introduce improved financial detail.

Out to the 83 companies censured for inadequate accounts for the first half of 1978 only seven repeated the offence in 1979, the COB claims.

The COB is maintaining pressure on companies to persuade them to open their annual meetings more widely to journalists, while making annual reports more freely

available. At the same time companies are being forced to take steps to get their legally required information out more quickly.

The COB criticises Viniprix, the supermarket chain, for not having warned the public of the prospect of poor results for 1978 until the spring of 1979.

According to the COB the deterioration in the company's position was evident by mid-1978. Last year new guidelines were laid down for French companies making provisional forecasts. The main aim of these new rules is to force companies to give an account of their strategy and investment policy, together with a "prudent" evaluation of business activity and results. The COB says that it is up to companies how they want to present their forecasts but that once they have chosen their system they must remain consistent.

The COB argues that improvements in the presentation of accounts and in the workings of the Bourse are essential if the French financial market is to sustain its new found strength.

In presenting this report Mr. Jean Donnudieu de Vabres, the head of the COB, said that the commission had come out against the introduction of a detailed take-over code of the type developed in the City of London.

The COB has been exercised by a number of contested take-overs last year and has intervened on a number of occasions. It is thus building up a case law aimed at seeing that shareholders get a fair price in bid situations while allowing the market to continue operating. It prefers to watch the market closely and only his developing case law itself, rather than issue a detailed code of conduct.

Beijerinvest to absorb Felix

BY OUR STOCKHOLM CORRESPONDENT

BEIJERINVEST, Sweden's fast-growing trading, industrial and investment group, has agreed in principle to take over Felix, the Swedish foods manufacturing subsidiary of Sir James Goldsmith's Générale Occidentale group, together with Felix's factory in Austria.

The agreement was reached during three days of negotiations in New York between Sir James and Beijerinvest's managing director, Mr. Anders Wall. The American company, General Foods, is also understood to have been interested in buying Felix. Mr. Wall said that the price would be disclosed in two weeks, when a detailed agreement had been concluded. But a guess at SKr 200m (\$47.6m) would "not be far off."

Last month Générale Occidentale announced the impending sale of its Swedish and Austrian food operations when reporting large disposals in France and in the UK. The latter centred on the Borvill and Marmite businesses which were sold to the Beecham group.

Felix made pre-tax earnings of SKr 33m on a SKr 640m turnover in its Swedish operations last year. It has 1,360 employees in Sweden and about 400 at its Austrian factory. Beijerinvest recently reported 1979 earnings of SKr 411m, up from SKr 76m, after more than doubling its sales to SKr 15.1bn. Dividend is raised by SKr 1.50 to SKr 8 a share.

Mr. Wall said that his agree-

ment with Sir James also provided for co-operation between Beijerinvest and Générale Occidentale in other fields including oil prospecting in the U.S.

Scandinavian Trading, which is part of Beijerinvest, stated to produce both oil and gas last year from wells in Texas owned by its American subsidiary, Seanol. It also ordered an oil rig for offshore prospecting from the Dinkirk yard of Compagnie Française d'Entreprises Metalliques and took options on two more new rigs.

Beijerinvest already owns some food companies in Sweden, on which it made a profit of SKr 36m last year. With the acquisition Felix its food companies' combined sales will exceed SKr 1bn.

Automobiles Citroen hit by sharp downturn

BY OUR PARIS STAFF

AUTOMOBILES CITROEN is under considerable financial pressure this year as sales decline. Citroen itself announced only a few days ago that it would be closing its plants for five days this May, following a two-day shutdown in early February.

The company pointed out yesterday that the fall in its 1979 result was exaggerated by FF2.41m of exceptional profits taken into the accounts in 1978 following the sale of a factory. On a comparable basis, the drop in profits to FF54m, or about 21 per cent. All of this deterioration, however, was due to trading in the second half. Profits in the first half of the year at FF170m, showed a rise of 24 per cent compared with 1978, according to the provisional accounts.

Citroen said yesterday that the short fall in its second-half performance was due to increases in its general operating costs. Although the company would not elaborate on this, it is clear that competition started to get tighter in the French vehicle market towards the end of last year while companies began to feel the effects of carrying larger stocks.

Earlier this year, PSA industrial manufacturing concern, the former Chrysler Europe, which now forms one of the production arms of the group, had run up losses in the region of FF580m in 1979.

The company said that this would reduce consolidated profits, which also include the results of the Peugeot car company, by around 15 per cent.

Citibank to open branch in Istanbul

By Metin Munir in Ankara

CITIBANK, one of the world's biggest banks and Turkey's principal creditor, has received authorisation from the Turkish Government to open a branch in that country.

Citibank thus becomes the first foreign bank to take advantage of the Government's new foreign investment guidelines which made it possible for foreign banks to open branches in Turkey. American Express is expected to make an official application soon.

Under the authorisation decreed, Citibank will import \$1m in capital which it could raise to \$50m. The branch will be allowed to accept Turkish lira deposits, receive foreign currency reserves. It will comply with the banking law.

Citibank's branch will open in Istanbul where the bank already has a representative office.

Ogem expects return to black

BY CHARLES BATCHELOR

OGEEM, the Dutch trading, industrial and construction group, hopes to make a modest net profit this year after going into the red last year. The company will concentrate for two more years on reorganising its loss-making activities.

The improvement in the trading division, which accounts for more than half of Ogem's turnover, is expected to continue this year. The technical installation and building materials division expects to maintain profits although Shokbeton, a company which makes concrete building elements, will continue to make large losses.

The building division, the only one to make an operating loss last year, expects to

make a profit in 1980. The completion of a Fl 1.4bn (\$700m) housing project in Dammam in Saudi Arabia last year will lead to a sharp fall in foreign revenues.

Interest charges are expected to rise further this year while extraordinary costs will arise from restructuring costs and the completion of a number of property developments in Belgium.

Ogem hopes that by 1981 it will have completed the reorganisation begun three years ago.

Ogem aims to improve the ratio of assets to total investments to 50 per cent over the next two years from 38 per cent in 1979. It will dispose of activities which tie up capital but which are not essential to its

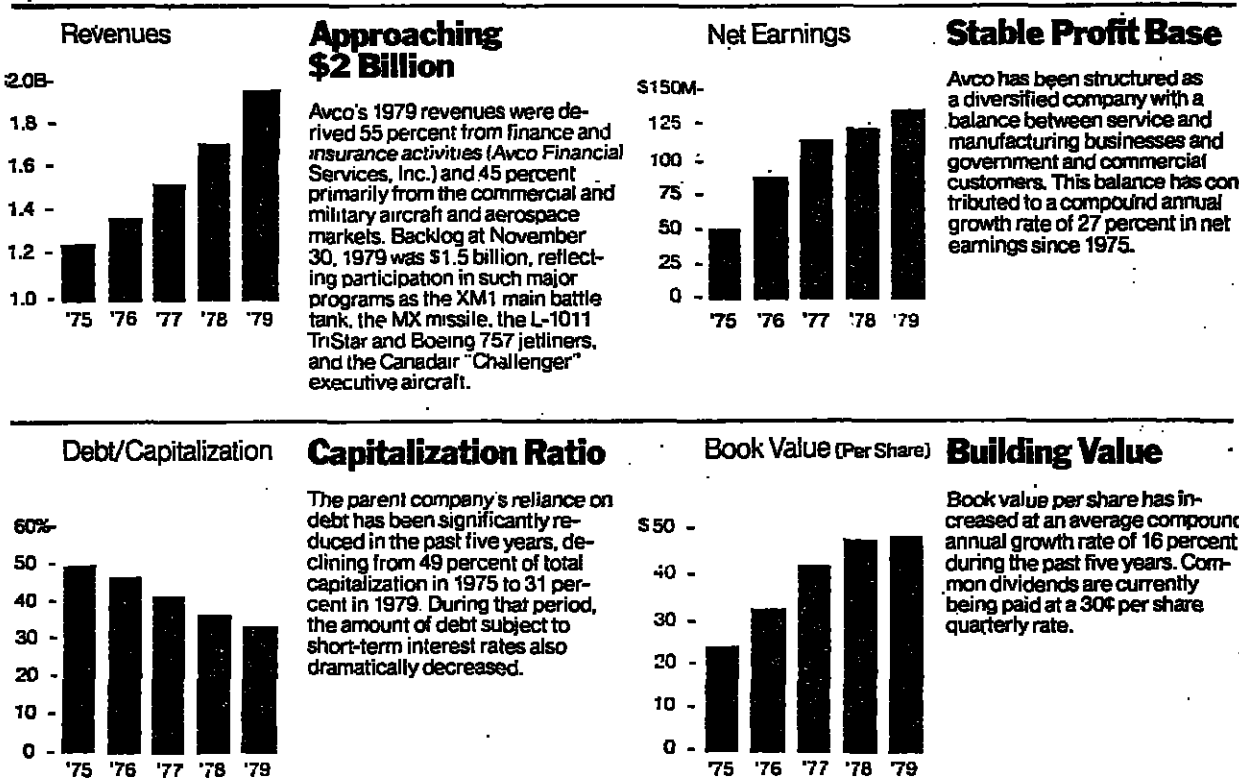
operations. It hopes to raise Fl355m (\$177m) by cutting back on its project development activities, its capital-intensive foreign construction and installation work, by selling off minority holdings and reducing capital tied up in its foreign energy production interests.

While the Dammam project was successful and profitable, Ogem intends to reduce the scale and the risks of overseas building work or else spread the risk over a consortium.

Ogem's operations provi fell 28 per cent to Fl52m in 1979 while net it made a loss of Fl23.7m compared with a profit of Fl32.8m in 1978. It paid no dividend in 1979 for the first time in more than a century. Turnover rose 39 per cent to Fl5bn.

Avco: Performance & Perspective.

At the Company's annual meeting, management said revenues should reach close to \$4 billion by 1984, with net earnings expected to keep pace. As for the 1980 fiscal year, they cautioned that the present economic environment is likely to result in a slowdown in earnings at Avco, despite the excellent first quarter results.



Highlights of the Quarter

(Ended February 29, 1980/February 28, 1979)

	1980	1979
Revenues	\$ 520,276,000	\$ 451,803,000
Earnings Before Extraordinary Tax Credits	37,789,000	28,451,000
Extraordinary Tax Credits	273,000	1,473,000
Net Earnings	\$ 38,062,000	\$ 29,924,000
Net Earnings Per Share		
Primary	\$ 2.18	\$ 2.04
Fully Diluted	\$ 1.52	\$ 1.23
Stockholders' Equity Per Common Share		
Primary	\$ 49.56	\$ 48.55
Fully Diluted	\$ 39.97	\$ 35.76
Total Assets	\$5,449,821,000	\$4,789,103,000

*Average number of shares outstanding increased to 15.9 million shares for 1980 compared to 13.1 million shares for 1979, principally due to conversions of debentures.

Avco Corporation (NYSE:AV) is a diversified company that has major interests in consumer finance, insurance, reciprocating and gas turbine engines, aircraft structures, aerospace technology, international management services and land development.

For further information contact Joanne T. Lawrence, Director of Corporate Communications, AVCO CORPORATION World Headquarters, 1275 King Street, Greenwich, Connecticut U.S.A. 06830

This announcement appears as a matter of record only.

ennia nv

Private Placement
250 million Luxembourg Francs
Notes 1980-1985

Arranged by

Kredietbank S.A. Luxembourg

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.

Underwritten and placed by

Kredietbank S.A. Luxembourg



April 1980

Forfeiting

An effective financing instrument for exporters.

For specialised information and advice, please contact:

Dr. M. Hübner
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Dr. R. Hauser
Tel. (0621) 458467

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KOMMUNALE LANDESBANK
GROZENTRALE
Augusta-Anlage 33 - D-6800 Mannheim 1
(West Germany)

Brasilest S.A.

Net asset value as of 30th April 1980
per Crs Share: Cr\$71.541
per Depository Share: U.S.\$12,451.92
per Depository Share (Second Series): U.S.\$12,632.19
per Depository Share (Third Series): U.S.\$14,750.15
per Depository Share (Fourth Series): U.S.\$10,038.53

Exports boost Casio's earnings

By Yoko Shibata in Tokyo

CASIO COMPUTER, one of Japan's main manufacturers of electronic calculators, had buoyant sales and earnings for the fiscal year ended in March, because of a marked improvement in export profitability and large scale production.

Operating profits rose 38.4 per cent to ¥8.6bn (\$36m) from a year earlier and net profits rose 36.2 per cent to ¥3.8bn. Sales gained 28 per cent to ¥103.8bn boosted by a 23 per cent increase in calculator sales which accounted for 63.6 per cent of total sales, and a 49 per cent increase in computer system sales, accounting for 9.7 per cent of total sales.

Exports jumped 40 per cent to contribute 53 per cent of overall sales. This year's depreciation made a significant contribution to profits.

Casio produced 20m electronic calculators and 2m digital watches last year. Calculator production will be increased by 1m a month and watches by 500,000 a month when another Japanese factory opens this year.

Exports of calculators and watches are expected to remain strong following a tie-up with K-Mart, a U.S. supermarket chain.

NATIONAL BANK OF AUSTRALASIA

Banking division leads growth

By James FORTH in Sydney

THE NATIONAL Bank of Australasia has raised its interim dividend following an 8.2 per cent rise in profit, from A\$33.7m to A\$36.46m (U.S.\$41m) in the half-year to March. The banking division led the way with a 12.5 per cent boost in earnings to A\$27.4m, offsetting the slower growth of the finance company offshoot, Custom Credit Corporation, which recently reported a profit increase of only 6.5 per cent to A\$9.64m.

The revenue of the bank rose

almost 21 per cent, from A\$380m to A\$460m, but higher expenses cut into profit margins. The directors said that the growth in banking profits was mainly the result of increased income from higher volume of business, which was partly offset by narrowing interest rate margins and an increase in the costs of operation.

Profits of the group will be maintained in the second half, the directors expect. The result came with a jump in interest payment from A\$167m

to A\$220m, reflecting a rise in rates paid by the bank for its borrowings.

The interim dividend has been increased from 8 cents a share to 8.5 cents and is covered by earnings of 24.5 cents on capital increased last year by a one-for-five scrip issue. The national paid a final of 8 cents last year.

ESANDA, the finance arm of the ANZ banking group, has turned in the best growth of the financier houses to report so far, with a 17 per cent boost

in earnings for the March half, from A\$12.8m to A\$15.0m. The Esanda directors said that competition resulted in a narrowing of the margin between the average earnings rate on outstanding loans and the average rate paid on borrowed funds.

Operating expenses also increased at a faster rate than operating income. At March 31, net outstanding loans totalled A\$1.5bn, for an increase of 20 per cent on the A\$1.2bn of a year earlier. Unearned income rose from A\$309m to A\$359m.

Mitsui revives bond issue plan

By Richard C. Hanson in Tokyo

MITSUMI AND CO has revived plans to issue ¥40bn (\$168m) of six-year non-mortgage convertible bonds to help reduce its over-borrowing from its main bank, Mitsumi Bank. The issue will be the first unsecured convertible bond to be floated by a trading company, offering only a "general obligation" to pay to investors, rather than collateral.

To compensate, the issue will carry a premium over par value at redemption into shares, the second such convertible bond issued in Japan.

The issue is scheduled for June, having been postponed about three months ago because of troubles in Iran. Mitsui's share price fell because of poten-

tial losses from its heavy involvement in a multibillion-dollar petrochemical project at Bandar Khomeini.

The Iran risk is the major reason for adding the redemption premium, a device used last year in floating convertible bonds for an oil company involved in exploration in the waters between South Korea and Japan.

Mitsui is raising funds to cover the repayments to Mitsui Bank under a recent regulation limiting the amount a bank may lend to a single company. Mitsui Bank is violating the Ministry of Finance ruling. The trading company has been raising funds, partly by way of medium-term loans from overseas to

replace these borrowings.

THE OUTSTANDING balance of yen certificates of deposit (CD) issued by Japanese and foreign banks in Tokyo increased sharply to ¥2,240bn (\$9.4bn) early this month from ¥1,530bn at the end of March, security industry members said. Reuter reports from Tokyo.

Interest rates for three-month CDs have fallen to about 13.5 per cent from 12.5 per cent in early April because of strong demand for CD from corporations with surplus funds, they said.

Japanese city banks are believed to have nearly reached limits for outstanding balances of their CD issues totalling an estimated ¥1,300bn or 30 per cent of the banks' combined share capitals and reserves.

Regional banks, mutual financing and savings banks and long-term credit banks are believed to have leeway for more CD issues.

The increase in outstanding balance of CD issues has been caused mainly by domestic Japanese investors, because foreign investors, including the central banks of Arab oil-producing nations, are more interested in free yen-Japanese currency held by foreigners in Japan.

Free yen deposit rates for foreign central banks and public bodies were freed from official control under the yen-defence package announced on March 2.

Recovery at Pretoria Portland

By Our Johannesburg Correspondent

PRETORIA PORTLAND Cement (PPC), one of South Africa's largest cement and lime producers, is recovering from the lean years of low housing and construction starts and lost export sales. During the six months to March 31, pre-tax profit rose 28.8 per cent to R19.46m (\$24.3m) from R16.13m a year earlier. Turnover rose 21.2 per cent to R77.4m from R63.9m.

The company has declared an interim dividend of 14 cents against 11 cents in fiscal 1979. Although domestic demand for cement has increased, PPC's cement plants only operated at about 70 per cent of capacity and contributed 47 per cent of the group's distributable profit. Lime operations, on the other hand, which operated at full capacity contributed 43 per cent of distributable profits, with investment income weighing in with the remaining 11 per cent.

Management is optimistic that demand for cement and lime will continue to rise with increasing building and construction activity. Annual cement sales are 3m tonnes and a further 500,000 tonnes of capacity is scheduled to come on stream in September. Annual lime production capacity is to be increased to 1.75m tonnes this year, while plans for a further lime kiln have just been approved by the board.

ICS lifts dividends as profit beats expectations

By Jim Jones in Johannesburg

IMPERIAL COLD STORAGE (ICS), the South African processor and distributor of perishable foods, came through the year to February 29 in better shape than was predicted by the management a year ago. Pre-tax profit rose 24 per cent to R23.8m (\$29.7m), from R19.3m, while turnover increased 17.3 per cent to R588m (\$735m), from R501m.

The problem of rising distribution costs, however, is still a matter of concern to the management. This opening of new meat distribution centres and packing plants in Johannesburg and Cape Town, which are performing well. Rationalisation of operations in Natal is, to all intents and purposes, complete.

Dividends totalling 16 cents, compared with 14.5 cents, have been declared from earnings per share of 55 cents, against 43 cents. Trading in the shares remains suspended in Johannesburg pending the outcome of discussions on rationalisation of the food interests of South Africa's largest life insurer, The Old Mutual.

AMALGAMATED RETAIL (Amret), the 60.5 per cent-

owned subsidiary of South African Breweries, and a retailer of furniture, domestic appliances and shoes, increased its turnover by 65 per cent to R198.6m in the year to March 31, from R78.7m in 1978-79. However, the latest figures are not directly comparable with the previous, because of the acquisition of shoe interests in April, 1979 from South African Breweries in exchange for 1.1m Amret shares.

Furniture sales rose 27 per cent to R97.25m from R76.74m, while shoe sales brought in an initial R29.4m.

At the pre-tax level, income was 115 per cent ahead at R14.7m, against R6.85m.

The board expresses satisfaction with the results, saying that several factors contributed to the growth. Market share had been increased in the furniture sector, store fittings were better, operational controls had improved, while the shoe division had been fully integrated and had reported higher than expected profits. In addition, the management expects the company to benefit more than most others from the recent boost to consumer spending offered by the recent South African Budget. During the current financial year, therefore, results were expected to show a further improvement.

GEERSGROSS DOUBLES PROFITS

- *Profits before tax - up 101%
- *Turnover - up 29%
- *Earnings per share - up 102%

RESULTS FOR THE YEAR	1979	1978
	£000's	£000's
Turnover	36,430	28,342
Profits before tax	827	411
Earnings per share	7.7p	3.6p

*Geers Gross - the only U.K. advertising agency with a wholly owned U.S. subsidiary - now has turnover split 50-50, between U.K. and U.S.

*From our existing successful U.S. base, discussions now in final stages for further agency acquisition in New York.

*After a record year in 1979, Group prospects indicate considerable further progress in 1980.

GEERS GROSS LIMITED, 7 SOHO STREET, SOHO SQUARE, LONDON W1. INTERNATIONAL ADVERTISING AGENTS

Carlton Industries

Record pre-tax profits at £16.945 million

	Year ended 31.12.79	9 months ended 31.12.78
	£'000	£'000
Turnover (excluding Comben Group)	112,687	65,633
Group trading profit before taxation	16,945	10,652
Profit attributable to shareholders	13,633	8,055
Dividends per share	12.0p	5.5p
Earnings per share	53.1p	35.2p

Batteries

The growth pattern at Haddon-Oldham has continued with turnover reaching £30m but margins have been under pressure. The increasing use of batteries for industrial purposes, especially overseas, is encouraging, and the U.S. subsidiary achieved a substantial profit in its first year with the group. It is intended to continue the five year capital expenditure programme to modernise all existing factories.

Whisky

Invergordon Distillers had a good year, with growth in turnover and an increase in profit margins. Two of the group's whiskies were exhibited at the International Wine & Spirit Festival at which Tamnavulin-Glenlivet single malt received a gold medal and Bruichladdich Islay single malt was voted the best whisky worldwide.

Housebuilding

Comben Group (a 47.5% associated company) had a most successful year in the U.K., with turnover increasing to £51 million and pre-tax profits reaching £5 million. The French and Portuguese subsidiaries made useful progress. These encouraging results are reflected in a strong balance sheet.

Copies of the Report and Accounts are available from the Secretary, Carlton Industries Ltd, Clifton Heights, Triangle West, Bristol BS8 1EL.

This announcement appears as a matter of record only



STATE ELECTRICITY COMMISSION OF VICTORIA

US\$55,000,000

MULTICURRENCY FLOATING RATE TERM LOAN

Secured By
THE ISSUE OF INSCRIBED STOCK
GUARANTEED BY THE GOVERNMENT OF VICTORIA

Lead Managers
THE COMMERCIAL BANKING COMPANY
OF SYDNEY LIMITED
MERRILL LYNCH INTERNATIONAL BANK LIMITED

Managers
GRINDLAYS ASIA LIMITED
TORONTO DOMINION (SOUTH EAST ASIA) LIMITED

Co-Managers
HYPOBANK INTERNATIONAL S.A.
SOCIETE GENERALE

Agent
THE COMMERCIAL BANKING COMPANY
OF SYDNEY LIMITED

March 1980

U.S. \$40,000,000



KINGDOM OF DENMARK

Floating Rate Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that for the initial interest period from May 8 1980 to November 10 1980, the Notes will carry an Interest Rate of 12 3/4% per annum. The interest payable on the relevant interest payment date, November 10 1980, against Coupon No. 1 will be U.S. \$6,393.75 per U.S. \$100,000 Note.

By The Chase Manhattan Bank, N.A., London Agent Bank

May 9th, 1980

King & Shaxson

52 Cornhill, EC3 3PD
Gilt-Edged Portfolio Management
Service Index 5.50
Portfolio I Income Offer 78.71
Bid 78.38
Portfolio II Capital Offer 143.52
Bid 142.52

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation—May 6th, 1980

The Net Asset Value per £1 of Capital Loan Stock is 232.06p calculated on Formula 2. Securities valued at middle market prices.

N.A.V. at 30.480
\$45.54 (Dfls 90.71)
VIKING RESOURCES INTERNATIONAL N.V.

INFO Placem

Holding & Placem N.V.
Herengracht 214, Amsterdam

INTERDEC (BERMUDA) LIMITED

SR 35,000,000
SPOT NOTES DUE 1982

UNCONDITIONALLY AND IRREVOCABLY GUARANTEED
AS TO THE PRINCIPAL BY SAUDI RESEARCH AND DEVELOPMENT CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT IN THE YEAR ENDING 1ST JUNE 1980 THE AMOUNT OF SR1,500,000 NOTES WERE PURCHASED BY THE PURCHASE AGENT IN ACCORDANCE WITH THE PURCHASE FUND REQUIREMENTS OF CONDITION 3 (B) OF THE NOTES. ALL THESE NOTES HAVE NOW BEEN CANCELLED.

INTERDEC (BERMUDA) LIMITED

BRUNTONS

COLD WORKED STEELS • Wire • Drawn Sections • Strip • STEEL WIRE ROPES

"ELEVENTH successive advance in dividends"

reports Mr A S Wood, Chairman

Comparative figures	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Net total dividends (£000's)	202	239	265	308	362	386	427	456	502	565	630	686
Dividends per share*	2.52p	2.98p	3.31p	3.83p	4.40p	4.82p	5.34p	5.70p	6.27p	7.06p	7.88p	8.60p

*Net figures as adjusted for Scrip Issue in 1974.

Year 1979

The low demand for the steel products of the Company continued throughout the year and the output was affected by the road haulage strike at the beginning of the year and by the engineers' strike in the Autumn.

The reduction in the volume of sales was 11%.

Prospects for 1980

Throughout the thirteen weeks of the steel strike there was uninterrupted production and volume output was 13.1% higher than in the same period of 1979 which had been affected by the road haulage strike, and I am not pessimistic about the fortunes of the Company in the current year, despite the lack of signs for U.K. steel processors of any upturn in demand.

The annual general meeting will be held on 29th May, 1980. Copies of the full report can be obtained from The Secretary, Bruntons (Musselburgh) Ltd., Musselburgh EH21 7UG, Scotland.

AUSTRALIAN TYRE INDUSTRY

Dunlop makes offer for Olympic

BY JAMES FORTH IN SYDNEY

DUNLOP AUSTRALIA has launched a \$569m (US\$77.5m) takeover bid for its rival, Olympic Consolidated Industries which, if successful, would create Australia's dominant tyre manufacturer. The bid comes only weeks after a 31 per cent increase in Dunlop's share price, which was broken up and placed on behalf of the Olympic Board with institutions in an attempt to protect the group from takeover.

At least two parties besides Dunlop have been buying Olympic shares in the market recently, and one of the parties made an offer for the parcel which was placed with the institutions. If successful, Dunlop, which is 10.3 per cent owned by Dunlop International of the UK, would be the largest manufacturing amalgamation in Australia's history.

But the Olympic Board intends to fight, and described the offer terms as "quite inadequate and unrealistic." They said that a detailed evaluation of Olympic would be made. Dunlop is offering A\$120

cash for each Olympic share or convertible note. There is an alternative offer of one Dunlop share plus 55 cents for each Olympic share or convertible note. Dunlop shares sold at 78 cents yesterday valuing the share at A\$153. Olympic shares sold yesterday at A\$100. A combined group would command about 35 per cent to 40 per cent of the Australian tyre market. Dunlop has received legal opinion that this would not contravene the Trade Practices Act. Talks have already been held with Mr. R. Bannerman, the chairman of the Trade Practices Commission, the Minister for Industry and Commerce, and the Mr. V. Garland, the Minister for Business and Consumer Affairs.

The tyre industry in recent years has been plagued by overcapacity and a declining market. Dunlop believes that its proposal is in line with the Industries Assistance Commission's policy for rationalisation. It is thought necessary because tariffs on imported tyres are due by 1982 to drop from 40 per cent to 25 per cent. It is the

first major takeover move by Dunlop Australia since a spate of takeovers in the sixties which took the group heavily into textiles.

Over the past eight years Dunlop has undergone reconstruction and rationalisation, including a capital return. Its major activities are in the manufacture of tyre and automotive products, textiles clothing and footwear and general industrial products.

Olympic is a manufacturer of tyres, cables and general industrial products. Dunlop considers the operations of the group to be complementary. It would retain all Olympic's activities and brands, and would maintain its existing retail networks. Dunlop directors last night announced an increase in the final dividend from 3.5 cents a share to 4 cents, establishing an annual rate of 3 cents, and said that pre-tax earnings for the first nine months of the current year rose 18 per cent.

The Dunlop bid comes only weeks after the Melbourne sharebroker A. C. Goode and Co. placed a 31 per cent stake in Olympic held by the family of the late Melbourne businessman, Mr. Bernie Hendel, at 91 cents a share, or 42 cents below the Dunlop share and cash bid. The Hendel parcel was placed on behalf of the Olympic board which has a pre-emptive right to try to place the shares at the same price offered by another party.

A bid was made by a party other than Dunlop but the broker placed the shares widely with institutions, which could not sell any of the placement until May 1. Mr. Hendel acquired control late in 1978, and soon afterwards became chief executive, but died before he could implement many of his plans for the group.

The family soon put the parcel up for sale, but wanted at least 85 cents a share. At the time the shares were selling for less than 70 cents. It was only in March that the family was able to obtain its selling price. Since then, Dunlop has decided that the outlook had improved sufficiently to justify its takeover offer.

Mitsui raises stake in grain dealer

By Yoko Shibata in Tokyo

MITSUI, a major Japanese trading house, has raised its stake in International Corn Company, an Antwerp-based grain dealer, to a 50.5 per cent controlling interest. It had acquired a 9.9 per cent interest in 1978 when they set up a small joint venture grain sales company.

Mitsui said it will use International Corn's experience, particularly in sales tactics involving grain import surcharges, for grain marketing in Europe. The terms were not disclosed.

The Japanese company has been placing an increasing emphasis on grain transactions in recent years. In 1978 it was the first major Japanese trading company to enter the U.S. grain elevator industry with the purchase of several large inland grain elevators and the acquisition of the leasing rights for a coastal elevator near New Orleans.

Mitsui's U.S. grain sales reached 12.5m tons last year, accounting for 50 per cent of Japan's grain imports.

FIJIBANK, a major Japanese commercial bank, said yesterday it has taken over Eurocapital SA, a Luxembourg-based finance company, from an affiliate of Union Bank of Switzerland, AP-DJ reports from Tokyo.

Fuji said the arrangements for the takeover of Eurocapital from Banque Comptable d'Algerie SA were completed recently. Details were not given.

The name of the finance company has been changed to Fuji International Finance Luxembourg SA and its capital has been raised from \$350,000 at the time of the acquisition to \$1m.

For all its success in developing the technology for the VHS system, JVC remains little known abroad compared with the giants of the Japanese electronics industry. The management, however, has set the improving of its image overseas as a top priority.

Sales and income up at Nampak

By Jim Jones in Johannesburg

NAMPK, South Africa's largest packaging group, controlled by Barlow Rand through C. G. Smith and Co., has announced a 36.9 per cent rise in pre-tax income for the six months to March 31, to R26.9m (\$33.6m), from R18.7m in the same period the previous year.

Turnover rose by 34 per cent to R154.9m (\$194m). In the whole of the 1978-79 financial year, pre-tax profit was R42.8m and turnover R240m.

The group has benefited from rationalisation of operations, steadily increasing demand for packaging products and, to a lesser extent, from its acquisition of an effective 34 per cent interest in Premier Paper, the tissue manufacturer. Even so, competition is increasing with competitors recently entering the multi-walled paper sack market.

However, the management is confident of continued market growth and is planning to spend some R25m on further rationalisation and modernisation of its operations to maintain its lead position in its markets.

An interim dividend of 21 cents has been declared, against 18 cents a year earlier, from first-half earnings per share of 57 cents, compared with 43.8 cents.

SIEMENS IN THE U.S.

A first foot in the door

BY IAN HARGREAVES IN NEW YORK

"PERHAPS" said a rather direct looking Mr. Werner Ziehl, "we shall have a phase of consolidation coming soon."

Mr. Ziehl, the career Siemens executive now responsible for running the German engineering firm's U.S. activities, can forgive for whom he himself acknowledges to be not much more than a piece of wishful thinking. For Siemens, having over six companies in the last eight months, shows no sign of losing its appetite for pieces of American high technology.

The cost of the six acquisitions—\$100m—and their combined sales—\$200m—may be of little significance in the scale of Siemens' worldwide turnover of over \$1.6bn. But the speed of the acquisitions and their character is continuing evidence of the German company's determination, aided by a favourable dollar-DM relationship, to nourish its product development roots, whatever the considerable costs of management indigestion.

Indigestion there is bound to be. Not only because all new acquisitions arrive with different accounting and personnel procedures, but because, at the same time as it is gobbling up small businesses, Siemens is also busily expanding its Florida telecommunications factory, its Connecticut medical systems plant and its New Jersey telephone and telex manufacturing centre. It is also building an electronic component factory in Mexico and fighting, so far successfully, a Justice Department attempt to

General Motors reduces dividend as sales slump

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS has reduced its quarterly dividend to 60 cents a share as U.S. car sales fall towards their worst levels since 1975. The leading U.S. car maker said it might lose money this quarter.

A regular dividend of \$1.15 has been paid since the second quarter of 1979. In the previous six quarters the dividend was \$1.

The cut, which mirrors GM's action at the low point of the 1975 slump, surprised analysts. In an otherwise level Wall Street market it produced a \$2.50 drop in GM's share price to \$42.1 yesterday morning.

The dividend and profits forecast were announced on Monday evening, as it became clear that even importers of small, fuel-efficient cars—which have done well in the

U.S. in the last year—have started to suffer from the decline in the U.S. economy.

Sales of imports and domestic models in April were down 27 per cent from April last year, with a 27 per cent drop in GM and 41 per cent at both Ford and Chrysler.

Although imports maintained their record market share of more than 27 per cent, Toyota suffered a 10 per cent fall in the April to April volume comparison. Honda was down more than 17 per cent.

GM, traditionally one of the most optimistic voices of corporate America, said it expected the economy and its own fortunes to turn around "in the latter part of the year."

Mr. Thomas Murphy, chairman, and Mr. Elliot Estes, president of GM, said high interest rates, a slowing economy, and concern about the price and availability of fuel had made it "questionable whether the corporation will remain profitable in the current calendar quarter." GM has not made a quarterly loss since 1970.

In May last year GM paid a 30 cents a share special dividend—a bonus paid intermittently in good times since the 1920s. This means that in the current quarter shareholders will receive just over one-third of the sum paid at the same point last year. In 1975 and the first half of 1976 the regular dividend was cut from its then established level of 80 cents to 60 cents a share.

INTERNATIONAL CAPITAL MARKETS

Slowdown in syndicated credits

BY PETER MONTAGNON

CONDITIONS FOR borrowers in the syndicated credit market tightened slightly in the first quarter of 1980, according to latest statistics from the Organisation for Economic Co-operation and Development (OECD). The average maturity of new credits slipped to eight years 11 months from nine years and three months in the previous quarter, while the average spread rose to 0.70 per cent from 0.64 per cent.

The tightening did not affect the prime rate, industrial the best spreads obtained did not budge from the low level of 4-5 per cent. For OECD countries as a group the average spread was 0.62 per cent compared with 0.49 per cent in the final 1979 quarter, while for other countries excluding Comecon and China spreads rose to an average 0.78 from 0.74.

The OECD's financial market trends confirmed figures from commercial banks in past weeks which pointed to a significant drop in activity during the quarter. It says new credits ran at an annual rate of \$57.8bn compared with \$78.2bn for the whole of 1979.

OECD countries took \$6.4bn from the market in the first quarter compared with \$28.6bn in all of 1979. Members of the Organisation of Petroleum Exporting Countries took \$900m compared with \$8.6bn, non-oil developing countries \$6.4bn against \$32.8bn and centrally planned economies \$700m against \$7.7bn.

The OECD said that total external bond issues ran at an annual rate of \$29.1bn during the first quarter compared with a 1979 total of \$37.3bn. This brought overall borrowing in international capital markets to an annual rate of \$86.7bn in the quarter compared with \$115.6bn last year.

OECD countries raised their market share to 59 per cent from 48 per cent of the total, while that of non-oil developing countries was little changed at 32 per cent against 31 per cent. By contrast there was a distinct fall-off in demand from OPEC members and Comecon, the figures show.

John Wicks, adds from Zurich: Approved foreign Swiss franc borrowing showed a sharp decline in the first quarter, according to provisional figures released by the Swiss National Bank, the sum of Sfr 3.92bn (\$3.52bn) compared with Sfr 10.17bn (\$6.05bn) in the corresponding three months of 1979, was, however, considerably higher than the Sfr 4.67bn (\$2.78bn) reported for the final quarter of last year.

Record income at AMP

By James Forth in Sydney

THE AUSTRALIAN Mutual Provident Society, Australia's largest life office, posted record income of A\$1.24bn (US\$1.4bn) in 1979. Investment income rose 13.5 per cent to A\$463m while returns from freehold and leasehold property totalled A\$67m, the AMP's annual report showed.

AMP expects to have about A\$60m available for investment in 1980, only 1.5 per cent more than the A\$59m invested in 1979.

The AMP will also push further into natural resources, with more investment in the proposed Pechiney aluminium smelter in New South Wales and investments in "three or four" coal projects.

Bertelsmann takes over Bantam Books

By Jonathan Carr in Bonn

BERTELSMANN, the West German media group with an annual turnover of about DM 4bn (\$2.23bn) proposes to raise its stake in the New York-based publishing company Bantam Books from 51 per cent to 100 per cent from July 1. Bertelsmann will thus gain full control of a company with annual sales of around \$100m (DM 130m) and a big share of the U.S. paperback market.

Bantam in turn has strong interests in Britain through its holding Transworld Publications, which produces the Corgi books.

Bertelsmann said that the deal had been agreed with Instituto Finanziario Industriale (IFI International) of Luxembourg, the international financial holding company of the Italian Agnelli family. No formal accord had yet been signed.

Simultaneously, Bertelsmann was disposing of its 30 per cent stake in Fabri Editore, the Italian publishing group, to IFI, Turin, the Agnelli's national holding interest. No figure was named for either.

Bertelsmann acquired both its 51 per cent stake in Bantam and its 30 per cent holding in Fabri from IFI in 1977.

Au Printemps buys stake in shopping chain

By Our Paris Staff

THE AU PRINTEMPS department store group has taken a further step towards consolidating its position in France by buying a 40 per cent stake in a shopping chain controlled by a menswear company, Armand Thierry et Sigrand.

The store company, Sonats, has a network of 60 shops and had sales last year of around FF400m (about \$100m). The deal, for an undisclosed sum, may lead to a larger shareholding by Au Printemps, the companies said.

In the supermarket sector, Au Printemps recently increased its stake in the Viniprix group from 8 per cent to 18.5 per cent. Viniprix, besides running its own shops, has the principal shareholding in the Euromarche group, in which Au Printemps already has a 25 per cent stake.

SOUTH AFRICAN BREWERIES

Profit rise reflects upturn in economy

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICAN Breweries, the country's second largest industrial group, has turned in a 35 per cent increase in post-tax profits, to R59.8m (\$124.7m), in the year to March 31 from R73.9 the previous year, reflecting the upturn in the South African economy.

Following a string of dramatically improved results from its major subsidiaries in retail and hotels, the parent company's results may disappoint the market. But they are nevertheless nearly double the rate of increase in private consumer spending.

JVC doubles year's earnings

BY RICHARD C. HANSON IN TOKYO

VICTOR COMPANY of Japan (JVC), which recently entered an agreement with Thorn-EMI to co-operate on developing a home video disc system, reported yesterday that its net profits more than doubled to ¥7.9bn (\$33m) in the fiscal year ended March 20, from ¥3.94bn the previous year.

The surge to a record profit was led by the boom in sales of home video tape recorders, the VHS system which JVC developed four years ago, in Japan and overseas. VTR equipment accounted for 43.4 per cent of all sales compared with 35.2 per cent a year earlier, a gain of 67.2 per cent, and about 60 per cent of last year's profits.

JVC is hoping to repeat the success of the home video tape system with its own version of a home video disc system (VHD), which it plans to introduce commercially sometime in 1981 to

compete with systems developed by Philips of the Netherlands and RCA in the U.S. This year, JVC will spend about ¥7bn on new production facilities and development of the VHD, compared with development costs so far of around ¥6bn. The company overall is increasing capital spending to around ¥25bn this year from ¥10bn last year (half of which is video tape recorder related in both years).

Overall sales last year were up by 35.6 per cent to ¥254bn (\$1.1bn) also a new high. The most significant expansion in revenue, however, came from sales of VTRs overseas, particularly in Europe. Exports, the highest part of which were VTRs, rose 68 per cent, and accounted for 55 per cent of all sales. Only five years ago, when JVC was recovering from a pro-

longed slump in profits in part related to the development costs of the VHS, exports accounted for only 20 per cent of sales.

JVC is currently producing about 75,000 VTRs a month, but is preparing plans to lift that figure to around 100,000 units. Last year, JVC produced about 25 per cent of all the VTRs made in Japan, surpassed only by Matsushita Electric Industrial, which owns 50.2 per cent of JVC and adopted the VHS system, and Sony, with its rival Betamax system.

For all its success in developing the technology for the VHS system, JVC remains little known abroad compared with the giants of the Japanese electronics industry. The management, however, has set the improving of its image overseas as a top priority.

Strong quarterly sales at Bayer

BY KEVIN DONE IN FRANKFURT

BAYER, one of the "big three" West German chemicals companies, has made a strong start to the year, posting its sales worldwide by 24.4 per cent in the first quarter to DM 7.56bn (\$4.22bn).

The pre-tax profits of the parent company—no figures are yet available for the group worldwide—rose in the quarter by 34.6 per cent to DM 276m compared with DM 205m in the first three months of 1979.

Bayer said that the sales increase was caused in about equal measure by higher volume sales and by higher prices. A series of price increases were introduced at the beginning of the year, but according to Professor Herbert Grunewald, the chief executive of the group, the price rises are still insufficient to cover the rapid increase in the costs of raw materials, particularly oil-based feedstocks, and of energy.

The biggest sales boost for the parent company has come from foreign sales, which showed a rise in the first quarter of 20.5 per cent to DM 2.18bn, while sales in the domestic market rose by 15.4 per cent to DM 1.3bn. Total parent company sales in the first quarter were up by 18.5 per cent to DM 3.5bn.

Despite the strong start to the current year Professor Grunewald said the group was stocking to its cautious forecast of

an increase of some 8 per cent for the whole of the year. About three-quarters of the rise would be accounted for by higher prices, and the remaining quarter by the bigger volume of sales.

Last year the Bayer group boosted its world sales by 13.9 per cent to DM 26bn, while its pre-tax profits rose by 7.7 per cent to DM 1.338bn. Some 65 per cent of group turnover was in Europe and 15 per cent in North America.

Bayer presently has a 1.2 per cent share of the U.S. market.

Agfa-Gevaert plan agreed

BY OUR FRANKFURT CORRESPONDENT

THE WEST GERMAN Federal Cartel Office has given the go-ahead to Bayer, one of the leading West German chemicals groups, to increase its shareholding in Agfa-Gevaert, the German-Belgian photographic products group, from 50 to 60 per cent. It is widely expected that Bayer will take full 100 per cent control of Agfa-Gevaert during the next two and a half years.

As part of the financial preparations for this deal Bayer will propose to its shareholders at the annual meeting next month that authorised capital of DM 400m (\$223.46m) should be created to allow it to make an

Acquisitions boost Thomson Brandt

By David White in Paris

THOMSON-BRANDT, the French electrical, telecommunications and armaments group, lifted its consolidated net earnings last year to FF400m (\$108.74m) from FF390m, according to provisional figures.

Sales, including for the first time Nordmelec, the West German television subsidiary, and the Thomson-Ericsson telephone equipment company, rose by 31 per cent to just over FF300m. On a comparable basis, the rise was 19 per cent.

This year's increase, on the same basis, is expected to be 14 per cent.

Kuwait buys 10% of Metallgesellschaft

BY OUR FRANKFURT CORRESPONDENT

KUWAIT HAS increased its shareholding interests in major West German industrial companies with the acquisition of a 10 per cent interest in Metallgesellschaft, the Frankfurt-based metals, process plant engineering and transport group.

The interest has been bought from the Swiss holding company Schweizerische Gesellschaft für Metallwerke, which has for some time been seeking a buyer for its 18.45 per cent interest in the West German company.

Metallgesellschaft has current market worth of some DM 1.135bn and the Kuwaiti acquisition, made some days ago, is understood to have been arranged at around the market

price, putting a value of some DM 113.5m (\$63.8m) on the transaction.

Kuwait has been one of the most active of the oil-exporting states in acquiring assets in West German manufacturing industry and in recent years.

Metallgesellschaft, which last year had total world sales of some DM 8.6bn, said yesterday that it welcomed the interest taken by Kuwait, which offered interesting possibilities for future co-operation.

The group includes Lurgi, the process plant engineering concern, which could well hope to win future orders in Kuwait for large-scale oil and gas process plant.

US COMPANIES ACQUIRED IN LAST YEAR

MICROWAVE SEMICONDUCTOR CORP.	Sales \$15m. Activities: Makes microwave transistors. Based New Jersey.
DATABIT.	Makes microprocessors for communications industry. Based Long Island. Sales \$19.8m.
AEROTRON.	Makes two-way radio and telephone equipment. Sales \$17.7m. Based North Carolina.
SITRONIX.	Was part of FMC in Colorado. Makes power semiconductors. Sales \$15m.
SUPERIOR CABLE.	Makes telephone cables, cords and lift cables. Based North Carolina. \$90.6m.
CRYSTAL TECHNOLOGY.	Makes electronic filters for electrostatic industry. Based California. Sales data not available.

Sales figures are for last full recorded year

Siemens earnings, Page 38

Commission defeat in Brussels farm price deal

By Margaret van Hattem in Brussels

THE 1.8bn ECU (\$1.1bn) farm prices package informally agreed in Brussels this week represents an ignominious defeat for the European Commission led by Mr. Roy Jenkins.

For this, its final year of office, the Jenkins Commission has its last chance to carry out what it considered its main aim — to come to terms with the EEC's mounting food surpluses.

All that remains to be done, before the package can be implemented, is for the British to lift their reserve; for a few minor points to be tidied up; and for some form of agreement to be reached on an EEC sheep meat regime. The rest will not be renegotiated.

The package, as it emerged from Brussels this week, represents a doubling of the Commission's original price proposals, together with the rejection of important reforms in the dairy and sugar sectors. It thus guarantees that food surpluses will continue to grow and will exhaust the Community's financial resources next year.

Commenting on the package, Mr. Finn Olav Gundelach, the Danish Commissioner, blamed the British Government for its lack of support. "The British could have fought the farm spending issue, but they chose

to fight on the budget — they went for the money. Under the circumstances, I think we, the Commission, did damn well."

The main points of the agreement are as follows:

• **Dairy:** The intervention price for butter rises 2.5 per cent, for skimmed milk powder by 5.3 per cent and the target price for milk by 4 per cent. The responsibility for rising from 0.5 per cent to 3 per cent. An extra levy will be charged next year on farmers who produce more than their 1978-79 average.

The Community currently produces 20 per cent more milk than it needs and spends half the farm budget on its butter and skimmed milk powder surplus, currently at 294,000 and 165,000 tonnes respectively.

This sector represents the biggest defeat for the Commission. In particular, the rejection of the proposed 84 per cent "super" levy upon increased output in favour of the co-responsibility levy, which the Commission admits "has never worked."

• **Sugar:** The price of white sugar rises by 5.3 per cent; the minimum beet price by 4 per cent. The EEC produces 30 per cent more sugar than it needs, with an annual exportable surplus of around 3m tonnes. Present quotas will be observed for another year, instead of

being cut, as will the present bio-glucose regime.

• **Cereals:** Intervention prices rise by 4.5 per cent, target prices by 6.25 per cent. EEC cereal surpluses currently include common wheat (1.4m tonnes), barley (80,000 tonnes), rye (400,000 tonnes), and hard wheat (140,000 tonnes).

• **Beef:** Guide price and intervention price rise by 4 per cent. The beef surplus stands at 240,000 tonnes.

• **Wine:** The guide price rises by 5.5 per cent.

• **Olive oil:** Intervention price up 4 per cent; guide price up 5.5 per cent; production aids up 5.5 per cent.

Points not yet settled, which may be agreed at the end of this month include proposals to suspend intervention buying of beef periodically; proposals to phase out Italy's import levy on feed grains over the next three years; subsidies for producers of surplus wine which must be distilled; and the inclusion of sheepmeat in the CAP.

This last is undoubtedly the biggest sticking point, as the British certainly intend to renegotiate the paper approved in Luxembourg by the other eight, delaying, if possible, proposals for export rebates and intervention buying, and lowering the suggested price levels.

India has to import sugar

By K. K. Sharma in New Delhi

THE Indian Government has bought 200,000 tonnes of white and raw sugar from the world market and the entire quantity is to be imported in May and June. It was announced in New Delhi yesterday.

The purchases by the State Trading Corporation were made in the middle of April when sugar prices were not as high as they are now but the government did not disclose the price. India is normally an exporter of sugar, but low production last year has caused an acute internal scarcity and market prices have soared.

The sugar purchases, described as a one-time operation, will help the government to maintain supplies to the public distribution system of "fair price shops." The government is committed to supply 60 per cent of the people's needs at a low price while the rest is sold on the open market.

The government said that the purchases have been made after making sure that they do not have any adverse effect on the long-term programme of sugar export promotion. It said the purchases are under the International Sugar Agreement.

Our Commodities Editor writes: Confirmation of the Indian purchases helped fuel an upsurge in world sugar prices yesterday. The London price was raised by \$22 to \$304 a tonne — the highest level since February 1978.

GRAZING CATTLE

Pleasure, but little profit, on the hoof

By John Cherrington, Agriculture Correspondent

IT USED to be said that there were three certain ways of losing a fortune: women were the swiftest, racetracks the swiftest, and grazing fattening cattle the slowest.

Nevertheless while in Shropshire the other day I was happy to see that farmers still survived who could produce pure bred beef in the way in which I was trained to, more than 50 years ago.

I was appalled — I suppose that would be the modern term — to a grazer, a summer grazer. From early March onwards he would attend the markets in the Welsh border counties and purchase either pure bred Hereford heifers or a Shorthorn Hereford cross. These were then walked home to good pastures where they remained for much of the summer, before being taken back to market again for sale.

I soon noticed that the price of these cattle, in per hundredweight terms, fell steadily through the period. But my master told me that this fall in price was compensated by the increased weight they put on at a time when grass quality was at its best.

I did my best to believe him, but the inconsistencies of his arguments could not conceal the fact that some graziers, watching the cattle come through, were actually sold for less money than they had cost.

Triumphantly I pointed this out to him, to be met with an answer that the rest of his farm

was paying, and that he enjoyed his grazing more than anything else, and that if I was so keen on commerce I could devote myself to the plough harvest.

This experience cured me of becoming a grazer and exposure to the buying methods of urban greengrocers snuffed out all desire to be a fruiterer.

The particular bunch of cattle which sparked off these memories were pure Hereford with white faces and red bodies; which are particularly good to look at on a lush spring pasture. They were mature cattle, probably two and a half years old, and worth the best part of £400 apiece. I did not meet the farmer, but was told that they were home-bred, from suckler cows, and that the farm had a good-sized corn acreage.

I was not surprised to hear this because this class of grazing, once traditional in the grassland areas of the UK, has become increasingly uneconomical. All farm costs have been escalating. Indeed, it has been basically unsound in economic terms for much of this century.

Those practising it have either other and more profitable farming departments, or have dealer mentalities. You can see them hanging round the rails of the livestock auctions, watching the cattle come through.

Every now and then one of them will think he sees a profit in a bunch of cattle and he will buy. Or, if trade is good, he could send cattle to market in

a hurry or take a customer home.

It is just like the Stock Exchange, except that you don't have to fear share certificates. But it is a lot more fun.

Even if you do not make a nominal profit, there is another snag. The price of store cattle in the spring has been rising steadily since the last war, so a large proportion of the profit has had to go to buying the following year's cattle.

This is a very real problem and one I experienced myself when becoming involved in the management of a grazing farm once belonging to my old boss. The cure in this case was to sell out.

This highlights another idiosyncrasy of the true grazer's mind. He does not look at the margin between the original cost of his cattle and their sale price, but between their sale price and the cost of next year's supply.

I heard of a large scale operator who suffered a halving of his prices in the great slump of 1921. Was he worried, his anxious family asked? Not a bit of it, he had a very big margin between his sale price and the cost of restocking.

There are today more common systems of beef production, using hybrid mothers, or calves from the dairy herd. Some farmers claim that they do quite well out of them. I have even tried it myself in the past, but I could never find a

system which would provide a return equal to that from grain growing, dairying or even keeping sheep. The only way in which I could manage them was to sell the young cattle I bred, for someone else to fatten in the spring.

My land is too light for fleshing cattle, but I have seen now that many of the best grazing areas in the country are showing considerable ploughing, something that was never seen even 30 years ago.

Membership of the EEC could well accelerate the process. Except in parts of France, the production of beef from mature animals, steers and heifers, is very low. According to the latest census figures, Britain and Ireland with no more than 24 per cent of the EEC cattle herd, have between 40 per cent and 50 per cent of mature cattle destined for slaughter.

Until recently, Irish production of store cattle was geared to the British market. But now they are increasing exports of calves and young cattle to other EEC countries where they are slaughtered at a much earlier age. So the proportion of older cattle slaughtered is bound to keep falling.

I enjoyed my look at the grazing cattle the other day, but I fear that such visual pleasures will be forced into oblivion by economic pressure and the European example. The roast beef of old England is on its way out.

Delay to Soviet planting

BAD SPRING weather has affected planting of grain and sugar beet in the Soviet Union, USSR farm experts have admitted.

This year the late spring has held back sowings by as much as one month in some areas, but officials say winter crops, planted last autumn, have survived the cold exceptionally well.

Figures released on Moscow television last night showed Russian farmers had sown a total of 37m hectares of spring crops by May 5. Last year, when spring was also late, the figure for May 7 was 47.1m hectares.

This year the Soviet Union plans to harvest 235m tonnes of grain, though there were no indications as to whether this target would be met. In 1979 a cold spring and summer drought

led to a poor harvest of 179m tonnes.

The spring grain crop, which generally accounts for more than 60 per cent of total production, is expected to be late sowing, but the final harvest depended on summer conditions, the Soviet experts said.

An official commentator in Moscow has said, however, that the Soviet Union would have enough grain to cover domestic needs this year.

Meanwhile the U.S. Agriculture Department said the weather in the Soviet Union was definitely causing concern, but the potential for winter grains was still good, reports

Reuter.

Commenting on a recent visit to crop areas, the USDA attaché in Moscow said standing water was noted in many fields between Moscow and Kharkov, and in northern areas winter crops were just coming out of dormancy.

In Washington, Howard Hirt, the Agriculture Department's chief economist, estimated net crop to the U.S. government of about \$2.5bn to \$3.0bn in the current fiscal year for various programmes dealing with the suspension of agricultural shipments to the Soviet Union.

He told the House Agriculture Committee that the total to be spent would be about \$3.5bn, but that some of the money would be repaid before the fiscal year ends on September 30.

Cocoa prices recover

THIS WEEK'S recovery in cocoa prices continued on the London futures market yesterday. The July position, which last week slipped below \$1,200 a tonne, rose to \$1,215.50.

Dealers attributed the rise to investors covering against "short" sales in the face of a technically oversold market situation. The strength of other commodities, especially sugar and copper, also encouraged the rise they added.

At one point July cocoa reached \$1,256 a tonne, but it then fell back on reports that Brazil had been selling

at a meeting in Wellington last month between Prime Ministers Malcolm Fraser and Robert Muldoon, to replace the 1966 New Zealand Australia Free Trade Agreement (NAFTA) with a more liberal trade policy.

On both sides of the Tasman Sea, the industry is proceeding on an industry-by-industry basis in the manufacturing sector to try to lower protection between the two countries.

The main stumbling block to freer trade in the rural sector is dairy produce. The purpose of the visit by the 12-man delegation from New Zealand was partly to alleviate the fears of Australian dairy producers of "dumping" of manufactured dairy products in the Australia-

lian market by their more efficient Kiwi neighbours.

The conference is seeking a guaranteed farm gate return, underwritten by the government of \$42.20 (£1.10) a kilo for butterfat, a 55 cent increase on present prices.

The New Zealand dairy industry said yesterday that although New Zealand would supply if shortfalls arose, nobody should think the country was sitting there with vast quantities of dairy products to rush on to the market. All New Zealand dairy produce was currently accounted for.

On the question of co-operation in third markets for agricultural goods, both sides said there was already a great deal

of consultation and that this should be increased.

Mr. John Whitelaw, executive director of the National Farmers Federation of Australia said, "I think both sides recognise that freer trade across the Tasman is coming, and rather than get too pre-occupied on our respective domestic markets—which after all are very small relatively—we should be looking to third markets to our north and in the Middle East."

Revived interest in a Pacific basic economic community gave the two countries the chance to bring pressure on Japan to lower protection on agricultural goods, Mr. Whitelaw said.

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BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on the London Metal Exchange, although forward metal was not able initially to maintain the high levels reached in overnight intra-office dealing and although the London price was in an overall market New York buying in anticipation of a strong Comex opening helped lift prices. After Comex opened, the London price touched \$234. Trade selling was evident at the higher levels; in the afternoon, the price drifted off to close on the Korb at \$218. Turnover 12,476 tonnes.

WIREBARS—Standard, three months \$234.50, six months \$235.50, nine months \$236.50, Dec. \$237.50, Jan. \$238.50, Feb. \$239.50, Mar. \$240.50, Apr. \$241.50, May \$242.50, Jun. \$243.50, Jul. \$244.50, Aug. \$245.50, Sep. \$246.50, Oct. \$247.50, Nov. \$248.50, Dec. \$249.50, Jan. \$250.50, Feb. \$251.50, Mar. \$252.50, Apr. \$253.50, May \$254.50, Jun. \$255.50, Jul. \$256.50, Aug. \$257.50, Sep. \$258.50, Oct. \$259.50, Nov. \$260.50, Dec. \$261.50, Jan. \$262.50, Feb. \$263.50, Mar. \$264.50, Apr. \$265.50, May \$266.50, Jun. \$267.50, Jul. \$268.50, Aug. \$269.50, Sep. \$270.50, Oct. \$271.50, Nov. \$272.50, Dec. \$273.50, Jan. \$274.50, Feb. \$275.50, Mar. \$276.50, Apr. \$277.50, May \$278.50, Jun. \$279.50, Jul. \$280.50, Aug. \$281.50, Sep. \$282.50, Oct. \$283.50, Nov. \$284.50, Dec. \$285.50, Jan. \$286.50, Feb. \$287.50, Mar. \$288.50, Apr. \$289.50, May \$290.50, Jun. \$291.50, Jul. \$292.50, Aug. \$293.50, Sep. \$294.50, Oct. \$295.50, Nov. \$296.50, Dec. \$297.50, Jan. 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LONDON STOCK EXCHANGE

Chancellor dashes hopes of early fall in MLR
Gilt-edged down again and leading equities follow

Account Dealing Dates

Options

First Declara-

Last Account

Dealing Date

Apr. 28 May 8 May 19

May 12 May 28 May 30 June 9

June 2 June 13 June 23

* New time "dealings may take

place from 9 am to 10.30 am

on the day of the dealing.

The Chancellor's overnight

warning of no premature lowering

of Minimum Lending Rate

dampened recent optimism on

this score yesterday and led to

an extension of Wednesday's

easier trend throughout London

stock markets. Some applications

for the new medium term

Exchequer 13½ per cent

were withdrawn at the

last minute on consideration

of Geoffrey Howe's remarks, and

the late-morning announcement

that applications for the stock

had been allotted in full at the

minimum tender price of 86

cents.

Short-dated Government stocks

encountered considerable selling

for about an hour, but the

respite was reduced following

news of the deferment of the

recall of special deposits and the

extension of the gilt sale and

repurchase facility to clearing

banks. Subsequent attempts to

rally failed, however, and the

shorts finally reverted to the

session's lowest to record falls

ranging to 1.

After being similar earlier,

medium and longer issues picked

up in a moderate two-way trade

to close around 2 down; the

partly-paid Treasury 13½ per cent

3004-08 slipped 1 to 21½. Dealings

in the new medium term stock

begin this morning and the stock

is expected to open at a slight

discount in £20-pd form.

Sentiment in equities was also

affected by the ruling out of any

cut in MLR in the short-term and

leading shares again took their

cue from the easier gilt market.

The above-mentioned measures,

which should help market

liquidity, tended to cushion the

fall and, additionally, some

sectors were later influenced by

a renewed burst of activity in

Oils. Several stocks were

retraced early losses and closed

well up on the day. Measuring

the overall trend, however, the

FT 30-share index lost 2½ more

to 436.7 after having been 3.9

down at 11.00 am.

Of the meagre total of 297

traded option contracts com-

pleted yesterday, 132 were done

in Land Securities ahead of the

preliminary results due on May

19.

Royal Bank fall

Royal Bank of Scotland fell 5

to 50p on acute disappointment

with interim profits more than

£10m below market expectations.

The other major clearers lacked

a decided trend with Barclays

closing 3 dearer at 429p and

NatWest 2 easier at 325p; the

former yesterday announced that

it is freezing its personal account

charges until the end of

1980. Discounts eased afresh in

sympathy with gilts but

Secombe Marshall and Campion, at

255p, recorded a sharp

average fall of 15 following dis-

appointing annual figures. Firm

of late on investment support,

Hambros gave up 7 to 399p on

profit-taking in merchant banks

where Kiehlmann Benson retri-

buted 4 to 144p. The Chan-

cellor's statement on interest

rates unsettled Hire Purchases

Provident Financial gave up 3 to

115p and UDT dipped 2 to 54p,

while Wagon Finance lost the

turn to 39p.

Insurances displayed no set

trend after a moderate business.

Among Lloyds brokers, Mtnet

edged forward 2 to 59p but

Christopher Morris eased 2 to 25p

and Willis Faber gave up 3 to

220p.

Adverse comment in a provincial

newspaper caused dullness in

distillers which gave up 6 to

202p. Breweries were extremely

quiet and, apart from Hignons,

up 2 at 85p following the interim

figures, closed with no note-

worthy movements.

Leading Building issues en-

countered sporadic selling which

left BPF 7 cheaper at 182p and

Blue Circle 2 off at 315p. Still

unsettled by comment on the

preliminary results, Costain shed

4 more to 136p. John Howie

also lost 4 to 96p; Wimpey

lost its 10.8 per cent stake in

the company. Elsewhere, C. H.

Pearce firmed 10 to 420p in

response to good half-yearly

results, but lower annual profits

left falls of a couple of pence

against Howington, 70p, and

the restricted voting, 67p. The

satisfactory interim performance

made no apparent impact on

Bellway which held at 72p, but

Erith hardened a penny to 125p

on the chairman's confident

annual statement. In Timbers,

Malinsbury firmed 3½ to

67p on new-time interest.

Levland Paint came in for

support and added 2 to 38p, but

Manders, a rising market of late

on speculative buying, shed that

margin to 189p.

ICI slipped to 374p before

reverting to the overnight level

of 378p.

Polly Peck revive

A resurgence of speculative

trading on revived hopes of an

asset injection helped Polly Peck

feature Stores with a leap of 8

pence to 274p.

Porter Chadburn closed 5 dearer

at 59p, but RHP, 103p, and Serck,

52p, eased a penny apiece follow-

ing the respective interim figures.

Sella reflecting favourable Press

comment, Spear and Jackson

firmed 4 more to 112p. Other

bright spots included Sprax-

Sarce, up 3 at 199p, and Wagon

Industrial, 5 higher at 105p. By

way of contrast, scattered offer-

ings left Babcock 5 lower at 92p

and Comet Road Services

cheaper 3 to 92p. With the

exception of Marks and Spencer,

which hardened a penny to 89p

on further consideration of the

results, the leaders drifted lower

on lack of support. Profit-taking

in the wake of the good rise on

May 8.

Among Food Retailers,

Associated Dairies eased 4 to

130p and Tesco a fraction to 56p,

but J. Sainsbury, at 320p, re-

tained the previous day's gain

of 1p.

Unilever, to 410p. Elsewhere,

L.K. Industrial Investments

became a late casualty at 12p,

down 4 following the annual

dividend final dividend omission,

while Wood Hall Trust

cheapened 1½ to 94p on the

results and Hawton eased a

penny to 123p on the static

results. The more-than-doubled

Essexhill rose 7 to 245p in

response to the chairman's

encouraging statement and

Sandhurst Marketing gained 5

to 78p after the favourable re-

sults and proposed 1-for-3 scrip-

issue. The more-than-doubled

first-half profits outweighed the

omission of an interim dividend

in Hawkins and Tipton which

rallied to close 2½ better on

balance at 31p after having

touching 28p. Centenary added

1 to 137p, while George Ewer

hardened a fraction more to

49p on further consideration of

the previous day's disclosure

that T. Cowie is considering

bidding for the outstanding

shares that does not already own

them.

Among Garages, Lex shed 4

to 50p, after 78p, on the chair-

man's warning about the slow-

down in new car registrations.

Dull at the outset on the

Chancellor's decision to main-

tain the interest rate until the

money supply situation becomes

clearer, Properties picked up as

the pressure eased and closed

only marginally lower on

balance. Land Securities touched

23p before settling at a penny

off on balance at 33p and M&P

finished only a couple of pence

cheaper at 215p. Percy Bilton

became a late dull spot, falling

1 to 235p, following an asset

reallocation that failed to match

the market's speculative

counter. Daelan, 141p, and

Dorington 90p, eased 4 and 2

respectively.

Oils recover

Oil shares soon responded to

fresh buying interest after the

previous day's bout of profit-

taking. Trading conditions were

a little uncertain at the start,

but buyers regained confidence

fairly quickly and at the close

of business quotations recorded

some substantial gains. Berkeley

Exploration were outstanding at

165p, up 21, in response to

favourable Press mention. Re-

vived speculative support lifted

Lassam 23 to 625p, while Slebo

gained 40 to 840p and Clyde 31

to 515p. Awaiting today's first

quarter figures, Ultramar ended

16 to the good at 880p.

Small falls predominated in

Trusts. Dealings were tem-

porarily suspended in Westpool

at 10p; the company announced

yesterday that it had entered

into a management buy-out.

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Bestobell better

Miscellaneous industrial

leaders drifted lower in

sympathy with gilts following

the Chancellor's remarks on

MLR. Reckitt and Colman de-

clined 4 to 17p and Pilkington

relinquished 3 to 205p as did

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UNIT
TRUSTS**

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INSURANCE PROPERTY BONDS

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OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey 052
Albany F&I (C) 1983 0532230 124 123
Next dealing May 30.

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund 0539394 1 1
Next deal issue April 21.

Allen Harvey & Ross Inc. Mgt. (Inc.)
11 Claring Court, St. Helier, Jersey 01. 0039
AHR Dealer Inc. Fd. 0535313 10 15
AHR Gilt Edg. Fd. 05155 11 57
AHR Int'l Bond Fd. 05155 11 57

Alliance International Dealer Res.
Dealing: Bk. Bernards, Hamilton, Bermuda
All Int'l Ac-M 319 114
All Int'l Bond Ac-M 319 114

Continued on previous page

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FT SHARE INFORMATION SERVICE

LOANS—Continued

1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582	581	580	579	578	577	576	575	574
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INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

Stock	Low	High	Open	Close	Change	Volume	High	Low	Open	Close	Change	Volume
254	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
255	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
256	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
257	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
258	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
259	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
260	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
261	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
262	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
263	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
264	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
265	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
266	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
267	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
268	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
269	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
270	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
271	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
272	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
273	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
274	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
275	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
276	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
277	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
278	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
279	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
280	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
281	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
282	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
283	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
284	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
285	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
286	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
287	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
288	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
289	300	300	Phonetic	222	12	13.3	8.8	8.8	8.8	8.8	8.8	8.8
290	300	3										

LEISURE												
74	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
75	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
76	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
77	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
78	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
79	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
80	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
81	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
82	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
83	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
84	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
85	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
86	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
87	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
88	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
89	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
90	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
91	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
92	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
93	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
94	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
95	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
96	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
97	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
98	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
99	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
100	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
101	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
102	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
103	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
104	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
105	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
106	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
107	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
108	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
109	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
110	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
111	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
112	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
113	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
114	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
115	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
116	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
117	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
118	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
119	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
120	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
121	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
122	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
123	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
124	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
125	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
126	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
127	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
128	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
129	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
130	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
131	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
132	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
133	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
134	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
135	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
136	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
137	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
138	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
139	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
140	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
141	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
142	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
143	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
144	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
145	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
146	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
147	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
148	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
149	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
150	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
151	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
152	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
153	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
154	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
155	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
156	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
157	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
158	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
159	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.8	5.8			
160	60	81	Anglia TV 'A'	65	3.57	3.6	7.8	6.				

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS—Cont

[illegible]**FINANCE LAND - Continued**

FINANCE, LAND—Continued									
1980		Stock	Price	% ch	Div	Yld	P/E		
High	Low								
148	95	Stock & Merc. A	145	+2	4.75	1.1	47.2		
148	100	Stock & Merc. B	100	—	—	—	—		
148	100	Stock & Merc. C	100	—	—	—	—		
148	100	Stock & Merc. D	100	—	—	—	—		
148	100	Stock & Merc. E	100	—	—	—	—		
148	100	Stock & Merc. F	100	—	—	—	—		
148	100	Stock & Merc. G	100	—	—	—	—		
148	100	Stock & Merc. H	100	—	—	—	—		
148	100	Stock & Merc. I	100	—	—	—	—		
148	100	Stock & Merc. J	100	—	—	—	—		
148	100	Stock & Merc. K	100	—	—	—	—		
148	100	Stock & Merc. L	100	—	—	—	—		
148	100	Stock & Merc. M	100	—	—	—	—		
148	100	Stock & Merc. N	100	—	—	—	—		
148	100	Stock & Merc. O	100	—	—	—	—		
148	100	Stock & Merc. P	100	—	—	—	—		
148	100	Stock & Merc. Q	100	—	—	—	—		
148	100	Stock & Merc. R	100	—	—	—	—		
148	100	Stock & Merc. S	100	—	—	—	—		
148	100	Stock & Merc. T	100	—	—	—	—		
148	100	Stock & Merc. U	100	—	—	—	—		
148	100	Stock & Merc. V	100	—	—	—	—		
148	100	Stock & Merc. W	100	—	—	—	—		
148	100	Stock & Merc. X	100	—	—	—	—		
148	100	Stock & Merc. Y	100	—	—	—	—		
148	100	Stock & Merc. Z	100	—	—	—	—		
148	100	Stock & Merc. AA	100	—	—	—	—		
148	100	Stock & Merc. AB	100	—	—	—	—		
148	100	Stock & Merc. AC	100	—	—	—	—		
148	100	Stock & Merc. AD	100	—	—	—	—		
148	100	Stock & Merc. AE	100	—	—	—	—		
148	100	Stock & Merc. AF	100	—	—	—	—		
148	100	Stock & Merc. AG	100	—	—	—	—		
148	100	Stock & Merc. AH	100	—	—	—	—		
148	100	Stock & Merc. AI	100	—	—	—	—		
148	100	Stock & Merc. AJ	100	—	—	—	—		
148	100	Stock & Merc. AK	100	—	—	—	—		
148	100	Stock & Merc. AL	100	—	—	—	—		
148	100	Stock & Merc. AM	100	—	—	—	—		
148	100	Stock & Merc. AN	100	—	—	—	—		
148	100	Stock & Merc. AO	100	—	—	—	—		
148	100	Stock & Merc. AP	100	—	—	—	—		
148	100	Stock & Merc. AQ	100	—	—	—	—		
148	100	Stock & Merc. AR	100	—	—	—	—		
148	100	Stock & Merc. AS	100	—	—	—	—		
148	100	Stock & Merc. AT	100	—	—	—	—		
148	100	Stock & Merc. AU	100	—	—	—	—		
148	100	Stock & Merc. AV	100	—	—	—	—		
148	100	Stock & Merc. AW	100	—	—	—	—		
148	100	Stock & Merc. AX	100	—	—	—	—		
148	100	Stock & Merc. AY	100	—	—	—	—		
148	100	Stock & Merc. AZ	100	—	—	—	—		
148	100	Stock & Merc. BA	100	—	—	—	—		
148	100	Stock & Merc. BB	100	—	—	—	—		
148	100	Stock & Merc. BC	100	—	—	—	—		
148	100	Stock & Merc. BD	100	—	—	—	—		
148	100	Stock & Merc. BE	100	—	—	—	—		
148	100	Stock & Merc. BF	100	—	—	—	—		
148	100	Stock & Merc. BG	100	—	—	—	—		
148	100	Stock & Merc. BH	100	—	—	—	—		
148	100	Stock & Merc. BI	100	—	—	—	—		
148	100	Stock & Merc. BJ	100	—	—	—	—		
148	100	Stock & Merc. BK	100	—	—	—	—		
148	100	Stock & Merc. BL	100	—	—	—	—		
148	100	Stock & Merc. BM	100	—	—	—	—		
148	100	Stock & Merc. BN	100	—	—	—	—		
148	100	Stock & Merc. BO	100	—	—	—	—		
148	100	Stock & Merc. BP	100	—	—	—	—		
148	100	Stock & Merc. BQ	100	—	—	—	—		
148	100	Stock & Merc. BR	100	—	—	—	—		
148	100	Stock & Merc. BS	100	—	—	—	—		
148	100	Stock & Merc. BT	100	—	—	—	—		
148	100	Stock & Merc. BU	100	—	—	—	—		
148	100	Stock & Merc. BV	100	—	—	—	—		
148	100	Stock & Merc. BW	100	—	—	—	—		
148	100	Stock & Merc. BX	100	—	—	—	—		
148	100	Stock & Merc. BY	100	—	—	—	—		
148	100	Stock & Merc. BZ	100	—	—	—	—		
148	100	Stock & Merc. CA	100	—	—	—	—		
148	100	Stock & Merc. CB	100	—	—	—	—		
148	100	Stock & Merc. CC	100	—	—	—	—		
148	100	Stock & Merc. CD	100	—	—	—	—		
148	100	Stock & Merc. CE	100	—	—	—	—		
148	100	Stock & Merc. CF	100	—	—	—	—		
148	100	Stock & Merc. CG	100	—	—	—	—		
148	100	Stock & Merc. CH	100	—	—	—	—		
148	100	Stock & Merc. CI	100	—	—	—	—		
148	100	Stock & Merc. CJ	100	—	—	—	—		
148	100	Stock & Merc. CK	100	—	—	—	—		
148	100	Stock & Merc. CL	100	—	—	—	—		
148	100	Stock & Merc. CM	100	—	—	—	—		
148	100	Stock & Merc. CN	100	—	—	—	—		
148	100	Stock & Merc. CO	100	—	—	—	—		
148	100	Stock & Merc. CP	100	—	—	—	—		
148	100	Stock & Merc. CQ	100	—	—	—	—		
148	100	Stock & Merc. CR	100	—	—	—	—		
148	100	Stock & Merc. CS	100	—	—	—	—		
148	100	Stock & Merc. CT	100	—	—	—	—		
148	100	Stock & Merc. CU	100	—	—	—	—		
148	100	Stock & Merc. CV	100	—	—	—	—		
148	100	Stock & Merc. CW	100	—	—	—	—		
148	100	Stock & Merc. CX	100	—	—	—	—		
148	100	Stock & Merc. CY	100	—	—	—	—		
148	100	Stock & Merc. CZ	100	—	—	—	—		
148	100	Stock & Merc. DA	100	—	—	—	—		
148	100	Stock & Merc. DB	100	—	—	—	—		
148	100	Stock & Merc. DC	100	—	—	—	—		
148	100	Stock & Merc. DD	100	—	—	—	—		
148	100	Stock & Merc. DE	100	—	—	—	—		
148	100	Stock & Merc. DF	100	—	—	—	—		
148	100	Stock & Merc. DG	100	—	—	—	—		
148	100	Stock & Merc. DH	100	—	—	—	—		
148	100	Stock & Merc. DI	100	—	—	—	—		
148	100	Stock & Merc. DJ	100	—	—	—	—		
148	100	Stock & Merc. DK	100	—	—	—	—		
148	100	Stock & Merc. DL	100	—	—	—	—		
148	100	Stock & Merc. DM	100	—	—	—	—		
148	100	Stock & Merc. DN	100	—	—	—	—		
148	100	Stock & Merc. DO	100	—	—	—	—		
148	100	Stock & Merc. DP	100	—	—	—	—		
148	100	Stock & Merc. DQ	100	—	—	—	—		
148	100	Stock & Merc. DR	100	—	—	—	—		
148	100	Stock & Merc. DS	100	—	—	—	—		
148	100	Stock & Merc. DT	100	—	—	—	—		
148	100	Stock & Merc. DU	100	—	—	—	—		
148	100	Stock & Merc. DV	100	—	—	—	—		
148	100	Stock & Merc. DW	100	—	—	—	—		
148	100	Stock & Merc. DX	100	—	—	—	—		
148	100	Stock & Merc. DY	100	—	—	—	—		
148	100	Stock & Merc. DZ	100	—	—	—	—		
148	100	Stock & Merc. EA	100	—	—	—	—		
148	100	Stock & Merc. EB	100	—	—	—	—		
148	100	Stock & Merc. EC	100	—	—	—	—		
148	100	Stock & Merc. ED	100	—	—	—	—		
148	100	Stock & Merc. EE	100	—	—	—	—		
148	100	Stock & Merc. EF	100	—	—	—	—		
148	100	Stock & Merc. EG	100	—	—	—	—		
148	100	Stock & Merc. EH	100	—	—	—	—		
148	100	Stock & Merc. EI	100	—	—	—	—		
148	100	Stock & Merc. EJ	100	—	—	—	—		
148	100	Stock & Merc. EK	100	—	—	—	—		
148	100	Stock & Merc. EL	100	—	—	—	—		
148	100	Stock & Merc. EM	100	—	—	—	—		
148	100	Stock & Merc. EN	100	—	—	—	—		
148	100	Stock & Merc. EO	100	—	—	—	—		
148	100	Stock & Merc. EP	100	—	—	—	—		
148	100	Stock & Merc. EQ	100	—	—	—	—		
148	100	Stock & Merc. ER	100	—	—	—	—		
148	100	Stock & Merc. ES	100	—	—	—	—		
148	100	Stock & Merc. ET	100	—	—	—	—		
148	100	Stock & Merc. EU	100	—	—	—	—		
148	100	Stock & Merc. EV	100	—	—	—	—		
148	100	Stock & Merc. EW	100	—	—	—	—		
148	100	Stock & Merc. EX	100	—	—	—	—		
148	100	Stock & Merc. EY	100	—	—	—	—		
148	100	Stock & Merc. EZ	100	—	—	—	—		
148	100	Stock & Merc. FA	100	—	—	—	—		
148	100	Stock & Merc. FB	100	—	—	—	—		
148	100	Stock & Merc. FC	100	—	—	—	—		
148	100	Stock & Merc. FD	100	—	—	—	—		
148	100	Stock & Merc. FE	100	—	—	—	—		
148	100	Stock & Merc. FF	100	—	—	—	—		
148	100	Stock & Merc. FG	100	—	—	—	—		
148	100	Stock & Merc. FH	100	—	—	—	—		
148	100	Stock & Merc. FI	100	—	—	—	—		
148	100	Stock & Merc. FJ	100	—	—	—	—		
148	100	Stock & Merc. FK	100	—	—	—	—		
148	100	Stock & Merc. FL	100	—	—	—	—		
148	100	Stock & Merc. FM	100	—	—	—	—		
148	100	Stock & Merc. FN	100	—	—	—	—		

a fully integrated banking service

DAIWA BANK

Head Office Osaka, Japan

MINES—Continued[illegible]

Copper

Miscellaneous									
160	78½	Anglo-Dominion	145	—	—	—	—	—	—
97	58	Baryman	60	-5	—	—	—	—	—
16	12	Barona Mines 17½p	15	-5	0.62	—	—	—	6.0
502	320	Cons. March. 10c	330	-10	10000	—	—	—	17.3
585	325	Northeast CSI	335	+5	—	—	—	—	—
485	327	R.T. 2	338	+10	15.0	63.3	—	—	6.2
517	36	Robert Mines	340	—	—	—	—	—	—
528	37	Sabima Inds. CSI	30	+3	—	—	—	—	—
650	420	Tara Expts. \$1	420	—	—	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E's are calculated on "net" distribution basis, earnings per share being computed as profit after taxation and shareholder share being applicable. Bracketed figures indicate 10 p per cent or more difference in calculated on "net" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, including exceptional profits/losses but including estimated cost of convertible A.C.T. Yields are based on mid-market prices, are gross, adjusted to A.C.T. of 30 p cent and allow for value.

TEAS

India and Bangladesh					
292	265	Assam Donors £1	292	49.51	—
236	230	Assam Friends £1	242	2.32	23
248	95	Assam Inc £1	148	44.67	0.7
243	232	Empire Plants 10p	24	—	—
470	438	Lawrie Plants £1	445	17.5	3.9
360	278	McLeod Russell £1	317	+3.5	1.1
300	270	Moran £1	280	10.0	5.7
158	128	Warren Plants	161	+1	9.5
263	180	Williamson £1	225	8.33	1.6

Sri Lanka -

400	305	Lumina 51 _____	355	_____	17.0	1.0	6.8
Africa							
98	77	Blantyre _____	77	_____	5.0	φ	11.1
90	60	Roo Estates _____	68	_____	4.5	φ	9.5

MINES

Central Rand	
£174/922	Durban Deep R2... £189 ² -1/4 0155c 2.7 8.4
£154/912	East Rand Pyp. R1... £182 ² -1/4 0100c 3.3 5.4
£394/£238	Randfont'n Est. R2... £277 ² +1/8 0600c 2.8 12.7
432/238	West Rand R1... 245 -9 0177c 1.7 4.1

Eastern Rand

at 90c.....	140	-----	to
agga RI.....	70	-----	DI
Q. RD. 50	334	-----	DI

420	901	E. r. s. u. RO. 30c	343	0200c	0.19
430	286	Grootvlei 25c	364	092c	1.2 14.5
639	425	Kintross R1	448	1074c	1.6 9.5
169	116	Leslie 65c	116	1032c	1.2 15.8
210	132	Marikvale RO. 25c	175	090c	0.9 27.2
542	170	S. African Ld. 35c	265	045c	1.1 8.6
184	92	Viafontein 90c	107	020c	1.0 10.7
415	610	Winkelshak R1	311	0205c	1.6 10.7
137	782	Wit. Nigel 25c	309	011c	6.7 0.8

Far West Band

Far West Rail							
677	484	Stymer 25	624	+12	+105c	1.6	9.6
£184	£117	Buffets	£153	+3	+1020c	2.3	7.4
274	197	Deelfoal RO 20	206	.....	.....	.....	.....
738	405	Doomfontein RL	547	+22	060c	2.8	6.3
£134	890	East Drie RL	985	+34	0175c	1.5	10.2
440	273	Elandsand Gld. 20c	339	+6	.....	.....	.....
298	169	Elburg RL	208	.....	0305c	1.0	8.4
7307	6211	Masterplan BT	6281	+11	+0400c	1.0	8.0

Gold R1	—	£12	+1 $\frac{1}{2}$	100
in R1	—	897	+11	Q1

812a	783	Southwest 50c	832	+1	0140c	1.1	9.7
845	518	Stillfontein 50c	766	+23	0135c	+c	10.1
831a	520a	Vaal Reef 50c	623a	+4	0510c	2.1	12.2
735	396	Venterspost RL	525		m045c	1.8	9.9
836a	626a	W. Drie RL	831a	+4	70615c	1.3	11.1
827	261	Western Areas RL	311	+5	047c	3.3	8.6
820a	814	Western Deep R2	816	+4	0320c	2.0	11.5
515	376	Zandpan RL	465	+6	1067c	1.0	8.2

O.F.S.

230	160	Pres. State Dev. 50c	160	1015c	1.6	5.4
232	154	F.S. Geddis 50c	520	6420c	2.2	11.2
365	234	F.S. Scalapiaz RI	271	—	—	—
380	675	Harmony 50c	799	0250c	φ	17.9
381	163	Lorraine RI	287	—	—	—
496	124	Pres. Brand 50c	535	0295c	3.1	10.9
498	124	Pres. Steyn 50c	548	0010c	2.0	7.5
498	124	St. Helena RI	514	1030c	1.1	12.3
536	388	—	638	7040c	—	6.3

50c	514	-11	20
50c	526	-14	20

Finance							
£12½	900	Ang. Am. Coal 50c.	950	-25	090c	3.1	5.4
720	485	Anglo Amer. 10c.	535		1046c	2.8	4.9
£44½	£30½	Ang. Am. Gold Rl	£340½	+4	0525c	1.1	8.7
£19½	£13½	Ang-Vaal 50c.	£16½		10150c	3.6	5.2
134					10150c	3.6	5.2

Gold Fields.	460	+12	↑15
and Gen. 100	21	-1	9

968	650	Gen. Mining 40c..	705	+5	Q100c	2.4	8.1
943	527 $\frac{1}{2}$	Gold Fields S.A. Zc.	528 $\frac{1}{2}$	.....	Q025c	1.8	4.5
535 $\frac{1}{2}$	523 $\frac{1}{2}$	Jo'burg Cons. R2.	524	+ $\frac{1}{4}$	Q025c	2.9	6.2
500	355	Middle Wht Z5c.	360	.....	Q035c	2.1	5.6
385	230	Milmoor SB0L40	245	-5	Q15c	1.5	3.5
262	186	New Wrt 50c..	208	.....	Q025c	1.3	3.6
512 $\frac{1}{2}$	890	Pacific NV Fls. S.	511 $\frac{1}{2}$	+ $\frac{1}{2}$	Q050c	1.7	6.6
129	88	Rand London 15c.	100	.....	Q11c	1.6	6.3

London Coal	77		60
on Trust	624	+4	23
st 10c	274	+1	10

146	682	Stearns 22p.	279	+2	145a.	2.2	1.9
145	71	Steinmiller 20p.	142		145	8.2	7.5
316	216	Tanks Con. 50p.	264	+2	010.0	1.3	3.8
90	85	Do. Pre. 80p.	88		99%	17.7	8.2
222 ²	175 ²	Yess. Cons. 14R1	116	+3	1185	3.5	6.7
615	360	U.C. Invest R1	430	-15	050c	1.4	8.0
145	97	Veget 22p.	105		016c	1.5	8.7

Diamond and Platinum
 100% 50c 1 £471-1-3 1084

553	368	De Beers Df. 5c	388	+4	Q72c	2.8	10.7
900	725	Dof. 40c Pf. R5	750		Q200c	48.8	15.2
358	240	Impala Plat. 20c	255	+1	m034c	3.6	7.6
186	115	Lydenburg 12c	118		m076c	1.0	7.8
326	184	Rus. Plat. 10c	208		1020c	3.1	5.5

Central African

200	255	102
50c	570	101

47	34	Rhod'n Corp. 164.25	35	-1	0.56	8.5	2.3
267	250	Roan Cons. K4	250		100.12	φ	4.1
65	51	Warrick Col. 98.1	51	-2	100c	1.5	12.2
54	25	Zen. Cpr. 58.00.24	25	-2	—	—	—

OPTIONS

3-month Call Rate

Asch	1	L.C.	32	Dr. Drayson	34
A. Bres	2	"James"	33	Vickers	35
B. B. B.	3	"Joe"	34	Woodward	36
B.R.R.	4	Lawrence	35		
Babcock	5	Ludbrook	36	Property	
Bachman	6	Lupton & Gen.	37	St. Land	
Bachman	7	Lupton & Gen.	38	St. Land	
Bachman	8	Lupton & Gen.	39	St. Land	
Bachman	9	Lupton & Gen.	40	St. Land	
Bachman	10	Lupton & Gen.	41	St. Land	
Bachman	11	Lupton & Gen.	42	St. Land	
Bachman	12	Lupton & Gen.	43	St. Land	
Bachman	13	Lupton & Gen.	44	St. Land	
Bachman	14	Lupton & Gen.	45	St. Land	
Bachman	15	Lupton & Gen.	46	St. Land	
Bachman	16	Lupton & Gen.	47	St. Land	
Bachman	17	Lupton & Gen.	48	St. Land	
Bachman	18	Lupton & Gen.	49	St. Land	
Bachman	19	Lupton & Gen.	50	St. Land	
Bachman	20	Lupton & Gen.	51	St. Land	
Bachman	21	Lupton & Gen.	52	St. Land	
Bachman	22	Lupton & Gen.	53	St. Land	
Bachman	23	Lupton & Gen.	54	St. Land	
Bachman	24	Lupton & Gen.	55	St. Land	
Bachman	25	Lupton & Gen.	56	St. Land	
Bachman	26	Lupton & Gen.	57	St. Land	
Bachman	27	Lupton & Gen.	58	St. Land	
Bachman	28	Lupton & Gen.	59	St. Land	
Bachman	29	Lupton & Gen.	60	St. Land	
Bachman	30	Lupton & Gen.	61	St. Land	
Bachman	31	Lupton & Gen.	62	St. Land	
Bachman	32	Lupton & Gen.	63	St. Land	
Bachman	33	Lupton & Gen.	64	St. Land	
Bachman	34	Lupton & Gen.	65	St. Land	
Bachman	35	Lupton & Gen.	66	St. Land	
Bachman	36	Lupton & Gen.	67	St. Land	
Bachman	37	Lupton & Gen.	68	St. Land	
Bachman	38	Lupton & Gen.	69	St. Land	
Bachman	39	Lupton & Gen.	70	St. Land	
Bachman	40	Lupton & Gen.	71	St. Land	
Bachman	41	Lupton & Gen.	72	St. Land	
Bachman	42	Lupton & Gen.	73	St. Land	
Bachman	43	Lupton & Gen.	74	St. Land	
Bachman	44	Lupton & Gen.	75	St. Land	
Bachman	45	Lupton & Gen.	76	St. Land	
Bachman	46	Lupton & Gen.	77	St. Land	
Bachman	47	Lupton & Gen.	78	St. Land	
Bachman	48	Lupton & Gen.	79	St. Land	
Bachman	49	Lupton & Gen.	80	St. Land	
Bachman	50	Lupton & Gen.	81	St. Land	
Bachman	51	Lupton & Gen.	82	St. Land	
Bachman	52	Lupton & Gen.	83	St. Land	
Bachman	53	Lupton & Gen.	84	St. Land	
Bachman	54	Lupton & Gen.	85	St. Land	
Bachman	55	Lupton & Gen.	86	St. Land	
Bachman	56	Lupton & Gen.	87	St. Land	
Bachman	57	Lupton & Gen.	88	St. Land	
Bachman	58	Lupton & Gen.	89	St. Land	
Bachman	59	Lupton & Gen.	90	St. Land	
Bachman	60	Lupton & Gen.	91	St. Land	
Bachman	61	Lupton & Gen.	92	St. Land	
Bachman	62	Lupton & Gen.	93	St. Land	
Bachman	63	Lupton & Gen.	94	St. Land	
Bachman	64	Lupton & Gen.	95	St. Land	
Bachman	65	Lupton & Gen.	96	St. Land	
Bachman	66	Lupton & Gen.	97	St. Land	
Bachman	67	Lupton & Gen.	98	St. Land	
Bachman	68	Lupton & Gen.	99	St. Land	
Bachman	69	Lupton & Gen.	100	St. Land	

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

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OPEC plan on crude pricing

BY ANTHONY McDERMOTT

THE MAJORITY of members of the Organisation of Petroleum Exporting Countries reached agreement in principle yesterday on a system of long-term pricing for crude oil.

The agreement met strong opposition from Iran, Algeria and Libya at a two-day extraordinary OPEC Ministerial conference, which ended in Saudi Arabia yesterday. The meeting also failed to agree on a method for establishing the floor price from which to start any pricing mechanism.

Under yesterday's partial agreement, crude oil prices would be adjusted on a quarterly basis according to the following elements:

● An index reflecting both the trend of prices paid by OPEC members for imports from countries in the Organisation for Economic Cooperation and

development, and the trend of domestic consumer price indices within the OECD.

● An automatic exchange adjustment factor based on the "basket" of nine currencies (eight West European currencies plus Japan) together with the U.S. dollar.

● An index based on the growth in real Gross National Product of the OECD countries.

The objections of the militants were based partly on their desire to maximise earnings and partly on their view that the proposed mechanism takes too little account of key economic indicators among the oil-producing countries themselves.

Within OPEC, however, the broad acceptance of the strategy represents some sort of a victory for the moderates.

But, as Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister and chairman of the report committee, said: "Pricing was discussed, not prices."

As Dr. Humberto Calderon-Fandi, Venezuela's Energy Minister (the pricing policy) if we do not have an agreement on price.

At present, crude oil prices are in unprecedented disarray, making it impossible to reach agreement on a common floor price as the starting point for gradual index-linked rises in crude.

It also emerged yesterday that the question of production levels which some countries earlier had been trying to link directly with prices, was not discussed.

The long-term strategy report emphasises that development

"does not necessarily mean the maximisation of oil revenues" and that pricing strategies have also to take account of both the industrialised and developing countries.

The partial agreement emerged after six hours of talks among the Ministers without aides of the 12 countries represented. (Nigeria was absent).

The conference reaffirmed "the intention of member countries not to replace Iran's crude oil exports in the international markets."

The conference also fully accepted a recommendation in the strategy document for increased OPEC aid to developing countries in the form of guarantees of oil supplies, grants and loans to help balance of payment difficulties, and to help them pay their oil bills.

Leaders talk at Tito's funeral

By Anthony Robinson and David Tonge in Belgrade

THE HOPE that President Tito's funeral would provide an opportunity for impromptu talks between the great powers dissolved last night as the Soviet impromptu light as Mr. Leonid Brezhnev, the Soviet President, flew home without exchanging even a nod of recognition with either Chairman Hua Guofeng of China or U.S. Vice-President Walter Mondale. But the refusal of the great powers to take advantage of the funeral for the first top level discussion of the deterioration in East-West and Sino-Soviet relations since the Soviet invasion of Afghanistan did not prevent intense diplomatic activity among other world leaders.

In the absence of President Jimmy Carter, Herr Helmut Schmidt, the West German Chancellor, emerged as the most active and sought-after Western leader.

At the same time, the absence of Cuban President Fidel Castro, chairman of the non-aligned movement, also encouraged what appeared to be a bid for moral leadership of the movement by Mrs. Indira Gandhi, the Indian Prime Minister.

Mrs. Gandhi held meetings with both President Brezhnev and Chairman Hua. She also met Herr Schmidt, had breakfast with Mrs. Margaret Thatcher, and held talks with President Ceausescu of Romania and many other leaders.

Mrs. Gandhi and the North Korean leader Kim Il Sung were the only two leaders to meet both President Brezhnev and Chairman Hua formally, although Chancellor Schmidt also had a brief conversation with both during the funeral.

Earlier, Herr Schmidt had discussed East-West German relations with Herr Erich Honecker, East German State and Party chief. Herr Honecker subsequently met President Brezhnev and Mr. Andrei Gromyko, the Soviet Foreign Minister. After this meeting both German leaders were seen in close conversation during the funeral ceremony and planned to meet again afterwards. Chairman Hua also spoke briefly to Herr Schmidt at the funeral.

Earlier, Herr Schmidt had a working breakfast with Mr. Edward Giersek, Polish party chief, who will be host next week to the 25th anniversary meeting of the Warsaw Pact, which is expected to announce a major new initiative for a European disarmament conference.

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THE LEX COLUMN

Royal Bank loses its endowment

Index fell 2.7 to 436.7

After the unsettling bank lending figures published on Wednesday, it was only to be expected that the new gilt-edged stock, Exchequer 131 per cent 1992, would be frostily received, and all but a small fraction of it seems to have been left on the Government's Broker's books. The Bank of England's further extension of its help to the money markets seems to have been designed to prevent any rise in money rates rather than to hasten a fall, and a lowering of Minimum Lending Rate once again seems a distant prospect. The gilt-edged market is now firmly tapped, and institutional liquidity must be flagging.

Enthusiasm seems to be lagging too, for equities. Last week the 30 Share Index rose over 16 points on the back of interest rate hopes. But the momentum disappeared on Wednesday morning and prices have been sinking steadily since then. There has been little encouragement from Wall Street, where equity prices have not responded on any scale to a much sharper fall in interest rates than is likely in the UK.

Some of these factors will rebound favourably later on. And for the moment base rate stays at 17 per cent and loan volume continues to be strong. But the 26 per cent first half increase in staff outgoings, ahead of the latest April settlement, will underline worries about the level of clearing bank costs. The shares yield 8.4 per cent.

Another adverse factor was a 24m loss on gilt-edged switching as the group went for higher income.

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year's low point.

There seem to be various reasons why profits failed by such a large margin to reach the £65m or so expected by many bank analysts. The group has put an extra £3m into its pension fund to meet deficiencies related to the recent jumps in pay, while a bad debt charge of £5.1m (mostly in the Royal Bank rather than Williams and Glyn's) is somewhat on the high side. Elsewhere, leasing profits were more than £2 lower than in the previous April-September period, partly because of higher funding costs and partly because a jump in leasing volume has an unfavourable initial impact on the basis of the group's sum of the digits accounting method.

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muscle will carry much weight in the present EEC negotiations over future quotas.

Interim pre-tax profits are down from £10.2m to £9.8m, and for the year to September BSC will probably produce something just short of £30m against last year's £32.4m. Capital spending may be around £35m for the third year running, and borrowings could again rise by around £20m to give debt of £70m in the year-end balance sheet.

It has been widely assumed that after this year BSC will start running substantial cash surpluses. But the current cost depreciation charge is of the order of £25m, and BSC will have to spend this sort of amount just to keep its assets in good shape. At the same time, it looks as though the year's dividend total will be raised substantially, if only to keep the share price up beyond the clutches of S & W Berisford. Even with the higher profits that it should see in 1980-81, British Sugar's cash surplus will be modest.

At 181p, unchanged yesterday, the prospective yield on the shares is 7.1 per cent and the p/e is around 4 times on the company's negligible tax charge.

As a result of yesterday's highly complex transactions, a small investment trust called Westpool emerges as the new holding company for London Merchant Securities. S. Pearson is bowing out of Millrayne, a joint vehicle which since 1971 has formed an important part of the Rayne family interests. The reshuffle will produce a classic pyramid structure, with the Rayne interests holding 57.3 per cent of Westpool which in turn will control 50.2 per cent of LMS. Thus the Rayne holdings of Westpool, worth some £60m, will control business which is currently capitalised at £225m.

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